NATIONAL BANK ORGANIZATION

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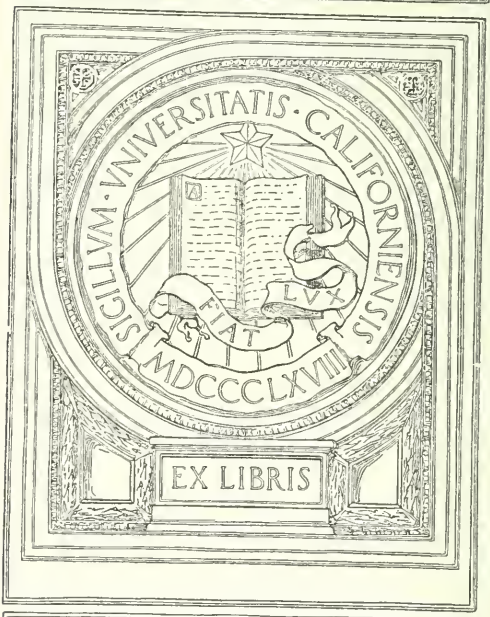

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1812—1904

THE NATIONAL CITY BANK
OF NEW YORK
MCMIV

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The National City Bank of New York

From the Press of
Robert Grier Cooke
307 Fifth Avenue
New York

PREFACE

A GREAT stimulus was given to the national banking system by the legislation of March 14, 1900. That Act provided for the refunding of the national debt, the issue of the two per cent. Consols, the organization of banks with a minimum capital of $25,000, and contained features making the issue of circulating notes more profitable. A new national bank has been organized on an average every day since that legislation was passed. We have at this time 5,180 national banks, with the organization of new institutions going on at as rapid a rate as at any time in recent years.

The many technical questions that arise in the organization of new national banks or in the conversion of private or State banks into national institutions, and the fact that there has not heretofore been collected, in a form readily accessible, the information which the organizers of new

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banks desire in regard to legal requirements, Government regulations and Treasury practice, have led to the preparation of this volume. It has been the endeavor to collect here in concise form, with as few legal technicalities as possible, all the information which the organizers of a national bank may need, from the first steps in the agreement to organize up to the issuing of the bank's charter. There is also given complete information, covering all the points with which it is necessary for bank officers to be familiar, in regard to the issue of Circulating Notes, Government Depositaries, Bank Reserves, and, in fact, all those relations between the bank and the Treasury Department that arise in the operation of a national association.

This volume is intended to supplement a volume on Government bonds already issued. It is believed that the information contained in the two works will present, in a form convenient for reference and readily understood, answers to all the questions which are likely to arise in the organization and operation of a national bank in connection with its relations to the Government. This volume has been carefully read in the office of the Comptroller of the Currency and the

statements of fact may be relied upon as authoritative.

Should the organizers of national banks desire further information on any specific points, the National City Bank will answer promptly any inquiries addressed to it.

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DETAILED STEPS IN ORGANIZATION

THE first official step in the organization of a national bank should be an application to the Comptroller of the Currency at Washington, D. C., in the form given on page 135. This application must be signed by at least five persons who expect to become stockholders. The application may bear the signatures of more than five persons, if desired, but that number is sufficient. The signers must be natural persons—that is, individuals legally entitled to hold and control property in their individual right. No corporation, firm, or association of any character may be a party to the organization of a national bank.

This application to the Comptroller should set forth the financial standing and occupation of the applicants. It should bear the endorsement of a United States Senator, Representative, Judge of Court, or some other prominent public official. It should give the exact title under

which it is desired to organize, the proposed location, and the amount of the proposed capital.

The office of the Comptroller of the Currency very properly insists that all papers in connection with the organization of a national bank be in the exact form provided for by its regulations. The organizers of a national bank will, therefore, avoid delay in securing the approval of their application by the Comptroller of the Currency if they will take great care to make all papers accurately conform to the regulations of the Comptroller's office.

Especial care should be taken to state in the application to the Comptroller the exact title of the bank. This title should include the name of the city in which the bank is to be located, but not the name of the State.

It should be noted in this connection that the Comptroller's office will not give consideration to an application for a title including the word "First" if a national bank exists or has existed in the place given as the proposed location of the new bank. Neither will the Comptroller's office give consideration to an application for any title identical with that of a national bank which has previously been in existence in the same place,

nor to one materially similar to that of a national, State or other bank existing in the place.

The capital necessary for the organization of a national bank is as follows:

In towns with population of			Minimum capital.
Not more than	3,000	.....	$25,000
"	6,000	.....	50,000
"	50,000	.....	100,000
Over	50,000	.....	200,000

If the application submitted is approved by the Comptroller, he will so notify the applicants, and the title applied for will be reserved for a period of sixty days, during which time the bank is expected to complete its organization. In approving the application for organizing a national bank, the Comptroller will send to the applicants all necessary blanks for completing its organization.

After the approval of their application by the Comptroller, those interested in organizing the bank should execute **Articles of Association.** There have been drafted by competent legal authority typical Articles of Association, which are given on page 136. This form may be varied to cover any special provision, not incon-

sistent with the National Bank Act, which the organizers may wish to adopt. If, however, the form suggested is adopted, it will be found satisfactory to the office of the Comptroller of the Currency, and will meet all the ordinary requirements of the bank.

The Articles of Association must be signed by not less than five of the persons presenting the original application. The Articles of Association must be executed in duplicate, one copy to be filed with the Comptroller of the Currency, and one to be kept by the bank.

At the time of, or after, the execution of the Articles of Association, the organizers must execute an **Organization Certificate.** The form for this will be found on page 140.

The Organization Certificate must be executed by the same persons who signed the Articles of Association. This certificate must be executed in duplicate, one copy to be filed with the Comptroller of the Currency, and one to be kept by the bank. Each shareholder signing the Organization Certificate must acknowledge his signature before a Judge of a Court of Record or before a Notary Public possessing a seal.

When the organization of the bank is effected

and certificates for the capital stock are issued, care should be taken to issue these certificates for the amount and in the names listed on page 2 of the Organization Certificate.

A typical form for the stock certificate will be found on page 142.

If Section 3 of the Articles of Association does not name the stockholders who are to serve as directors of the bank, provision should be made for the election of such directors after the Organization Certificate has been executed. This election of directors may take place at a meeting held any time before the issuance of the Comptroller's certificate authorizing the commencement of business.

After the directors of the bank have been named by the stockholders (either by election or by appointment), they should take an oath of office. If the directors are all residents of the place in which the bank is to be located, they may take the oath jointly, in the form given on page 142. If it is not convenient for the directors to make oath upon one document, each director may execute for himself an oath of director as given on page 143. These oaths of directors must be acknowledged before a Notary

Public and must bear the Notary's seal. If the Notary has no seal, a certificate of the proper State, County, or Court Official to the effect that he is authorized to take acknowledgments should be attached to the oath of directors.

Information regarding Qualifications of Directors, Voting by Proxy, and Cumulative Voting is given on page 12.

As soon as practicable after the Directors have been named, they should proceed to the **election** of a President, Vice-President, Cashier, and such other officers as may be determined upon, define their duties, and make such provision for the conduct of their work as may be necessary.

This should be done in the form of **By-Laws** which should be regularly adopted by the Board of Directors. A typical form for such By-Laws is suggested on page 144. There may be modifications from that form to meet the views of the organizers, but if that form is followed, it will meet with the approval of the Comptroller without question.

The officers elected should send to the Comptoller of the Currency their **signatures** under seal of the bank in the form given on page 151.

After the election of officers, the directors should call in the **subscriptions** to the capital stock. One-half of the total amount of the proposed capital stock of the bank must be paid in before the Comptroller will issue a certificate authorizing the bank to commence business. The capital must be paid in cash. Promissory notes or other evidences of debt may not be received for that purpose.

As soon as the required amount is paid in, a **Certificate of Payment,** signed and sworn to by the President or Cashier, should be executed in duplicate, one copy to be sent to the Comptroller of the Currency and one to be retained by the bank. This certificate should be substantially in the form given on page 152.

The law provides that the payment of the remaining 50 per cent. of the capital stock may be made in not more than five instalments of 10 per cent. each, one at the end of each 30 days succeeding the issuance of the Comptroller's certificate of authority to commence business. If the organizers of the bank desire to provide for the payment of the remainder of the capital stock in instalments of more than 10 per cent. each, they may do so. All of the capital stock may,

if desired, be paid in advance of the limit of time required by law. As each instalment is paid, the payment must be **certified** to the Comptroller by the President or Cashier under seal of the bank. The form for this certificate is given on page 153.

On page 14 is given a method of enforcing payment of capital.

At this time the directors should procure a **bank seal.** The seal may be made as simple or as ornate as desired. The only requirement is that it must bear the full corporate title of the bank, including the name of the City. This title is in most instances engraved just inside the circumference of a circular or oval die, in the centre of which there may, if desired, be placed a design typifying the business of the institution.

The next step in the bank's organization is the **deposit of bonds** with the Treasurer of the United States through the Comptroller of the Currency. Every bank organized under National laws is required to deposit and keep with the Treasurer interest-bearing Government securities. These are called **"Charter Bonds."** Their deposit with the Treasurer of the United States is one of the things necessary to be done

before a **Certificate of Authority** to commence business will be issued. The Charter Bonds or others substituted for those originally deposited must remain on deposit with the Treasurer during the entire period of the bank's existence.

The minimum amount of bonds necessary to be deposited with the Comptroller is given below:

Capital.	Amount of Bonds.
$150,000 or less.	One-fourth of Capital.
More than $150,000.	Minimum deposit of $50,000.

The Charter Bonds deposited with the Comptroller of the Currency may be used as a basis for a like amount of circulation. The taking out of circulation is, however, not required.

Complete information regarding the method of taking out **circulation**, the ordering of plates, etc., will be found in the Chapter on Circulation on page 24.

Upon the deposit of the bonds necessary to its organization (the Charter Bonds referred to), the Comptroller of the Currency will, provided he is satisfied that the Association has complied with all the requirements of the law, and that the organization has been made in good faith for the legitimate objects contemplated by the Bank

Act, authorize the Association to commence the business of banking. The general form of the Certificate of Authority to begin business, or, as it is generally understood, the **Charter** issued to a National Banking Association, is given on page 154. This certificate gives to the Association the right to carry on the business of a National Bank under its approved title, for a period of twenty years from the date of the execution of the organization certificate, but not from the date of the Comptroller's Authorization to commence business.

The Certificate of Authorization to commence business must be published for a period of sixty days in a newspaper published in the city or county in which the bank is located or, if no newspaper is published in such city or county, then in a newspaper published in a locality nearest to the place of business of the bank.

At the expiration of this period of sixty days, the bank must send to the Comptroller of the Currency, an **Oath of Publication** signed by the publisher of the newspaper in which the Certificate has appeared. This should be in the form given on page 155.

It is desired by the Comptroller's office that

in ordering stationery, provision be made for the printing of the **Charter number** of the bank on letter heads.

After the receipt of the certificate authorizing the commencement of business, the bank should promptly advise the Comptroller of the date on which actual business begins.

The Association is then ready to welcome depositors and enter actively into the business of banking.

QUALIFICATIONS OF DIRECTORS

Any stockholder who is a citizen of the United States and is the possessor in his own right of at least ten shares of the capital stock of the association, is eligible as a director, provided the stock be not hypothecated or in any way pledged as security for any loan or debt. Should a director cease to be the absolute owner of the ten shares, he becomes disqualified as a member of the Board; otherwise a director holds office for one year and until his successor is elected and has qualified.

It is necessary that at least three-fourths of the directors shall have resided in the State or territory in which the bank is located for a year or more immediately preceding their election, and they must maintain such residence during their continuance in office.

Each share of stock held entitles its owner to one vote at any meeting of shareholders.

Voting by proxy is permissible when the proxy

has been duly authorized in writing. The practice of voting by proxy is common at all meetings of stockholders of National Banking Associations, and national banks frequently enclose with their notices of stockholders' meetings blank proxies in favor of certain persons who are expected to be present at the proposed meeting and who may be relied upon to cast the vote of the shareholder executing the proxy in the manner directed by him. A form of proxy for use at a meeting of stockholders of a National Banking Association is suggested on page 156.

No officer, clerk, or bookkeeper of the association may act as proxy. The Comptroller has held that a director is an officer within the meaning of this prohibition. No stockholder whose liability for subscriptions to the capital stock is past due and unpaid, shall be entitled to vote at a meeting of shareholders.

Cumulative voting is not permissible. That is to say, a stockholder owning ten shares of stock and attending a meeting at which, say, six directors are to be elected, cannot cast sixty votes for any one person as director. He is permitted only to cast ten votes for each of six candidates.

ENFORCING PAYMENT OF CAPITAL

If any stockholder or his assignee fails to pay any instalment on capital stock when such payment is due, the directors of the association may sell the stock at public auction after three weeks' notice of the proposed sale has been given in a newspaper published in the city or county in which the bank is located. The stock shall be sold for not less than the amount due, together with the expense of the advertisement and sale. If the sum offered by the highest bidder be more than the amount due on the stock and the expense of advertisement and sale, the excess must be paid to the original stockholder. If it is not possible to sell the stock for a sum sufficient to cover the instalment due and the expenses of sale, the amount already paid by the stockholder is forfeited to the association. The stock must then be sold within six months from the time of forfeiture in such manner as may be ordered by the Directors. If the stock is not sold, it must

be cancelled and deducted from the capital stock of the association.

If stock is cancelled and deducted from the capital, as provided in the foregoing paragraph, in an amount which reduces the capital below the minimum required by law (as given in the table on page 3), it becomes necessary for those having the matter of organzation in charge to increase the capital stock to the required amount. If this is not done within thirty days, the Comptroller has power to appoint a receiver to close up the business of the association.

CONVERSION OF STATE BANKS

ANY institution operating under State Laws may be made a national bank by conversion. Conversion may be accomplished in either one of two ways:

First. The owners of two-thirds of the capital stock of the bank may authorize a majority of the directors to execute an Organization Certificate changing and converting the bank into a national association, or

Second. A State bank may be placed in voluntary liquidation in conformity with the laws of the State in which it is located. A national bank may then be organized by those interested in the matter of conversion and the new organization will have the power to purchase such assets of the State bank as a national bank is not prohibited to hold.

A general statement of assets which may be held by a national bank together with such matters as a national bank may not include in its

business operations will be found in the chapter on "Restrictions" on page 107.

On page 157 is given a general form of authority for conversion of a State bank. The signatures of the owners of at least two-thirds of the stock of the State bank must appear on this document.

After the execution of the authority for conversion, a majority of the directors (acting in accordance with such authority for conversion) should make an application to the Comptroller of the Currency in the form given on page 158.

Upon the receipt of the Comptroller's approval of conversion the directors should execute Articles of Association in substantially the form given on page 159.

The directors should also execute an Organization Certificate in the form given on page 160.

The directors should also execute a certificate in the form given on page 162, showing what amount of paid in and unimpaired capital the institution has.

It should be noted in this connection that the capital of a State bank which purposes converting into a national bank must be paid in full before the Comptroller of the Currency

will issue a certificate authorizing the bank to begin business as a national association. That is to say, a State bank converting may not take advantage of the provision permitting the payment of 50 per cent. of the capital on organizing and the remainder in instalments following the issuance of the charter.

A bank which is the outcome of a conversion may, under the regulations of the Comptroller's Office, issue stock certificates having a par value of less than $100, providing the par value of the stock certificates of the State bank before conversion into a national bank has been less than that amount.

After the Comptroller has received the foregoing papers properly executed, he will issue a certificate in the form given on page 154, authorizing the bank to commence business. This certificate and all subsequent papers and proceedings relative to the conversion of a State bank are similar to those used in the case of associations organizing from the beginning.

CONVERSION OF PRIVATE BANKS

THE law does not provide for the conversion of private banks into national banks. If it is desired to effect a reorganization, the assets of the private bank must be liquidated and an organization from the beginning undertaken as provided in the Chapter on detailed steps in organization.

If the owners of a private bank desire to engage in banking under the national system, they are subject to the same regulations as those provided for the organization of a new bank, and the method of procedure is exactly similar to that provided under the second method of reorganization of State banks. That is to say, they must require the payment in cash of the entire capital stock and must submit to the office of the Comptroller of the Currency a statement signed by their directors to the effect that in acquiring assets from the closed private

bank they will not receive any items specifically prohibited by the National Bank Act. Those specifically prohibited assets are real estate other than banking premises, loans collateraled by real estate, stocks of other corporations, and any loan in excess of 10 per cent. of the paid-in capital stock of the national bank.

CONSOLIDATION

CONSOLIDATION of national banks may be effected in three ways :

First : Without increase of capital. Under this method the directors of the absorbing bank may enter into a contract with the directors or agents of another institution to purchase its assets, assume liabilities to depositors and other creditors, and to pay shareholders for their stock an amount equal to the value of assets purchased in excess of liabilities to depositors and other creditors. It is necessary, in order to effect a consolidation under this method, to place the bank to be absorbed in voluntary liquidation. Any expenses incident to liquidation are to be deducted from the amount paid to the shareholders of the liquidating bank for their stock.

Second: By an increase of capital stock of the absorbing bank, the increase being equal to the capital stock of the liquidating bank. Under

this method the additional shares of the absorbing bank may be sold to shareholders of the bank to be liquidated, provided the consent of the shareholders of the absorbing association has been previously obtained. As the payment of capital originally or on account of increase must necessarily be made in money, and not in promissory notes or other "evidences of debt," the Comptroller does not recognize the right of those having the consolidation in charge to accept shares of the liquidated institution and issue in exchange therefor certificates of the absorbing bank. In effecting a consolidation under this second method, therefore, shareholders of the closed association must be paid the value of their stock, less the expenses of liquidation, in money. The proceeds thus received are then available in payment of the shares in the absorbing bank to which the former holders of shares in the liquidated bank may be entitled.

The right of shareholders to participate pro rata in an increase of stock is well recognized, and is generally incorporated in the Articles of Association. In order to avoid possible litigation over this point, it is customary to secure waivers of right to participate from shareholders

of the absorbing association. The directors of the absorbing bank are then at liberty to contract for the purchase of assets and to assume liabilities to depositors and other creditors of the liquidating bank.

Third: A third method, and one which is occasionally pursued, is to place both of the interested banks in voluntary liquidation, organize anew under a different corporate title, and acquire the business of the liquidating associations in the manner outlined under the second method. This plan of procedure enables the incorporators to place the stock as they may determine.

Should the persons interested in the consolidation desire to avoid the trouble incident to placing both banks in voluntary liquidation, as suggested in the foregoing paragraph, it is possible for them to provide for continuing the business of the interested associations by changing the name of one of the banks in accordance with the plan given on page 100, increase the capital, and proceed under the second method for consolidation.

NATIONAL BANK NOTE CIRCULATION

EVERY national bank may issue circulating bank notes to the amount of its paid-in capital. A bank must, however, first place with the Treasurer of the United States interest-bearing United States Government bonds equal in face value to the amount of the notes to be issued. This deposit of bonds is made to secure the payment of the bank's notes on demand. Banks depositing bonds for circulation surrender title to them, the Treasurer holding them in trust primarily for the purpose of securing the redemption of the bank's circulation. In case a bank fails to redeem any of its notes on demand, the Comptroller of the Currency is empowered to appoint a receiver to sell the bonds, and with the proceeds redeem the bank's outstanding circulation.

A national bank note

Is not legal tender.
Is not receivable for Customs.

Is not applicable for payment of interest on the National debt.

Is not counted in the reserve of a national bank.

With these exceptions a national bank note has the ordinary qualities of money.

Every national bank must, by law, accept the notes of every other national bank at their par value.*

After a national bank has complied with the preliminary requirements of the Comptroller of the Currency, as outlined in the Organization Chapter, it must, before commencing business, deposit with the Treasurer of the United States, Government Bonds known as "Charter Bonds." This term is explained in the Organization Chapter. Against these bonds a bank may issue circulating notes up to their par value, although

* The only national banks that are not, by law, forced to accept the notes of every other national bank, are "gold banks." Gold banks are organized for the purpose of issuing circulating notes specifically payable in gold coin of the United States. They are incorporated in a manner similar to all national banks, and differ only in the note issuing particular. Gold banks must deposit with the Treasurer of the United States interest-bearing Government Bonds and can then issue circulation payable in gold coin of the United States to an amount equal to 80 per cent. of the face value of the bonds. There are none of these associations in existence at the present time; therefore, the regulation is practically obsolete.

it is not necessary to do so. The bonds, however, must be deposited before a bank begins business, whether or not it intends to use them as a basis for circulation.

Any bank depositing bonds with the Treasurer of the United States as security for circulation, will be given a power of attorney by the Comptroller of the Currency to receive the interest as it accrues. A bank will continue to receive this interest until the bonds are withdrawn, unless it fails to pay an assessment levied by the Treasurer, or fails to redeem its notes on demand, in which event the interest will revert to the Treasury.

The bonds deposited with the Treasurer as security for circulation, must be in registered form. Should a bank have coupon bonds, the Secretary of the Treasury will exchange for them registered bonds. The only expense incident to such an exchange, is the cost of transportation, which must be paid by the bank. If, after a bank has deposited a certain issue of securities with the Treasurer, it should desire to make substitution of some other issue, an application to the Comptroller is necessary.

Bonds that are assigned to the Treasurer of

the United States as security for circulation, should be sent to the Comptroller of the Currency. By him they are placed in the custody of the Treasurer, who gives a receipt in duplicate, one of which is sent to the bank and the other retained by the Comptroller. As this receipt must be sent to the Treasurer before a bank can substitute one issue of bonds for another, it is very important that it be filed where readily obtainable. If the receipt is lost or misplaced, considerable delay may result in making such substitution.

A bank must have the authority of the Board of Directors if it desires to substitute one issue of bonds for another. An application should then be made to the Comptroller accompanied by a copy of the Directors' resolution under seal of its bank and with the receipt of the Treasurer for the bonds which it is desired to withdraw or substitute. A form of Directors' resolution authorizing an exchange will be found on page 164.

Should the market value of any of the bonds deposited as security for circulation fall below their face value, the Comptroller may demand enough more bonds or legal tender to fully protect the circulating notes that have been issued.

The Comptroller of the Currency will accept any unmatured issue of United States Bonds to secure circulation. At present there are four such issues outstanding—

2% Consols payable after 1930,
3% bonds payable after 1908,
4% bonds payable after 1907,
4% bonds payable after 1925.

After a bank has purchased the necessary Charter Bonds, or as many more as it desires to deposit for circulation, they should be assigned in the proper form on the back of the bonds to the

"Treasurer of the United States in trust for The —— National Bank of ——."

The bonds should then be forwarded to the Comptroller of the Currency with a letter stating the purpose of the deposit.

If a bank desires to take out circulation, it should send to the Comptroller, when forwarding its Charter Bonds, an order for the amount of circulation desired. It is not possible for a bank to obtain its original order for circulation immediately on the deposit of its bonds, as the first

bond deposit is necessary to complete an organization and secure a charter number, and this charter number is printed on the notes of a bank. After a bank is organized and doing business, it may order circulation printed in advance and not make a bond deposit until the bank is ready to put the new notes into circulation.

A form of blank for ordering new circulation will be found on page 165.

After a bank has deposited its bonds and ordered its circulation, the Comptroller will have plates engraved. There are three kinds of plates, one of $5 denomination with four notes, another of $10 and $20 denomination with four notes, and a third of $50 and $100 denominations with two notes. These plates are made at the expense of the issuing bank. To prevent the loss of plates or the illegitimate issuing of notes they are kept in the custody of the Comptroller.

The cost for engraving a plate of five-dollar denomination is $75, of ten and twenty-dollar denominations is $75, and of fifty- and one hundred-dollar denominations is $50. No charge is made for the printing of notes.

It takes about forty days to secure the first order of circulating notes. To get a future or-

der will take about twenty days, the time for the first order being longer because of the necessity of engraving plates.

When a bank orders circulation in accordance with the Comptroller's form, it must be careful to keep in mind that the order is in sheets with a certain number of notes on each sheet, and it should request amounts that can be made from such multiples. It must also take into consideration the fact that only one-third of the total amount of notes that it orders can be in five-dollar denomination. For instance: a bank capitalized at $25,000, which deposits one-quarter of that amount in Government bonds, is entitled to secure $6,250 of circulation. Keeping in mind that only one-third of a bank's circulation can be in five-dollar notes, it should divide the total amount of circulation to be ordered in such a manner that an even number of sheets are printed. That is, a bank having the privilege of issuing $6,250 in circulating notes, only one-third of which may be in five-dollar notes, might order 100 sheets of five-dollar notes, which, while it would not be the actual limit allowed, would be a round amount ; it could order forty sheets in ten- and twenty-dollar notes, and, say, fifteen sheets in

fifty- and one hundred-dollar notes. This would make the $6,250 of notes desired and would permit of an even number of sheets being printed. If this is not done, the Comptroller will return the order for correction.

The original order by a bank for circulation should be about one and one-quarter times the amount of circulation that can be taken out against the bonds that have been deposited. If a bank is permitted to take out $6,250 of circulation, it should place an order for approximately $7,800. The reason for this is that it is necessary for the Comptroller to have on hand enough notes to replace without delay any worn-out or mutilated circulation sent in for redemption. Banks should always keep an account of the amount of their incomplete currency in the Comptroller's office, and request him to print promptly additional supplies a sufficient time in advance of the exhaustion of these notes previously ordered, to avoid delay in the preparation of new notes.

After the new notes are printed by the Government, they are expressed to the issuing bank at the bank's expense. They are forwarded in blank, and when received are ready for circulation

with the exception of the signatures of the president or vice-president and cashier. The original intent of the National Bank Act was to have national bank notes bear the written signature of the president or vice-president and cashier of the association. A later Act, however, provided for the redemption of all national bank notes whether or not they were signed by the officers of an association. Prior to the passage of this last Act, the Comptroller's office held that written signatures were a necessity, but, since that, while the office has not authorized nor sanctioned any change in this respect, it has made no objection to printed or stamped signatures as distinguished from written signatures.

Whether written or stamped, the signatures appearing on the notes must be those of the president or vice-president and cashier of the bank. An acting president or vice-president, an assistant or acting cashier, is not authorized to sign circulating notes.

Immediately after a bank receives its first circulation from the Comptroller, it is required to deposit with the Treasurer of the United States a sum of money equal to 5 per cent. of such circulation.

Remittances for credit of the 5 per cent. redemption fund may be made

By check drawn on New York payable to the "Assistant Treasurer of the United States in New York," collectible through the Clearing House, forwarded directly to the Assistant Treasurer with instructions to deposit the amount to the credit of the 5 per cent. fund and to forward the certificate of deposit to the Treasurer of the United States.

By a deposit of lawful money with the Assistant Treasurer of the United States in Baltimore, Boston, Chicago, Cincinnati, New Orleans, New York, Philadelphia, St. Louis, or San Francisco on account of the 5 per cent. fund. Banks not located in a city where there is a Sub-Treasury, can request their correspondent to make the necessary deposit. The certificate that is received for the deposit must be forwarded immediately to the Treasurer of the United States as no credit will be given until he receives such certificate.

By sending directly to the Treasurer of the United States, Washington, D. C., the proper amount of lawful money. This package if specifically marked "for the credit of the 5 per cent. fund" will be transmitted by express companies at Government rates. If the bank does not prepay the express charges, the Treasurer will pay them at Government rates and deduct the amount from the bank's remittance.

The Assistant Treasurers of the United States are authorized to receive deposits of lawful money from banks on account of their 5 per cent. fund and to issue Certificates of Deposit there-

for. They are not authorized to receive remittances by express and the only Assistant Treasurer who can receive checks on that account is the one at New York.

A bank which is not located in a city where there is a United States Assistant Treasurer, may have its correspondent in Baltimore, Boston, Chicago, Cincinnati, New Orleans, New York, Philadelphia, San Francisco, or St. Louis, make a deposit with the Assistant Treasurer for its account, or its correspondent at Washington may make a deposit at the Treasury Department. A bank in one of the Sub-Treasury cities making deposit with the Assistant Treasurer for the credit of the 5 per cent. fund of an out-of-town bank, receives a Certificate of Deposit which in turn it should forward to the Treasurer of the United States. Upon receipt of this Certificate of Deposit by the Treasurer the 5 per cent. fund will be credited and the out-of-town bank will be notified by the Department direct. The Treasurer's acknowledgment of a deposit for credit of this 5 per cent. fund is made only to the bank whose 5 per cent. fund is so credited. When another bank makes the deposit on account of a bank whose fund is to be credited,

the depositing bank receives no acknowledgment.

A national bank cannot count in its reserve any deposit held by the Treasurer in excess of the required amount of the 5 per cent. fund.

The Redemption Fund is used by the Treasurer in redeeming notes presented to him. The amount of the Redemption Fund is calculated on the amount of notes issued to a bank, and no deduction is made should all or part of such notes be lost, stolen, or put into circulation without the regular signature of the president or vice-president and cashier.

Notes must be presented to the Treasurer for redemption in sums of $1,000 or any multiple. The Treasurer, on redeeming the notes, charges them to the various issuing banks, and notifies such banks on the first day of each month, or oftener, of the amount of their notes so redeemed and the corresponding reduction of their 5 per cent. fund. When a bank receives such notification, it must immediately deposit with the Treasurer lawful money equal to the amount of its redeemed notes, thus keeping the 5 per cent. fund intact.

Should a bank reduce its circulation either by

deposit of lawful money or by permitting notes to be redeemed by the Treasurer and destroyed and asking for no new notes to take their place, the amount of the 5 per cent. fund may be correspondingly reduced. In such a case the Comptroller will, upon receiving the proper advice, immediately surrender any excess that there may be in the 5 per cent. fund made by such reduction or destruction of notes. The Comptroller will not so release a portion of the 5 per cent. fund until the details of the reduction of circulation are completed by depositing lawful money and withdrawing the bonds.

Notes that are presented to the Treasurer for redemption are turned over to the National Bank Redemption Agency of the Treasurer's office, and are there assorted. Such notes as are in good condition are returned to the various issuing banks. Those that are unfit for circulation are delivered to the Comptroller of the Currency for cancellation and destruction and new notes are forwarded to the issuing banks.

Every national bank is compelled, by law, to have in Washington a legal representative to witness the destruction of its mutilated currency.

The National City Bank, through its relations

with the Riggs National Bank of Washington, is in a position to have these services properly performed for its correspondents, and makes no charge to them for such service.

When a bank's worn-out notes are destroyed, the Comptroller issues new notes in their place. The expense of printing new notes is borne by the Government.

If the amount redeemed does not exceed the 5 per cent. deposit of a bank, the notes fit for circulation are promptly forwarded to such a bank by express, and any notes unfit for circulation are delivered on the same day to the Comptroller of the Currency. If a bank's 5 per cent. fund is overdrawn by such redemption, an amount of notes equal to the deficit is held by the Treasurer until the bank makes good the fund by a deposit of "lawful money." As soon as this is done, all the notes are returned to the issuing bank.

A national bank must pay the charges for transportation and the cost for assorting redeemed notes. At the end of each fiscal year, account having been kept of the expenses of the National Bank Redemption Agency, the several banks are assessed in proportion to the amount

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of their notes redeemed, and this sum is then charged to their 5 per cent. account. If a bank deposits "lawful money" for the retirement of its circulation, it is assessed at the time it makes such a deposit for the cost of transporting and redeeming the notes then outstanding. The assessment is equal to the average cost of the redemption of national bank notes during the preceding year. When a bank is notified of an assessment, it should immediately remit the amount due.

Any bank sending notes to the Treasurer should first have them assorted by denominations and enclosed in paper straps. No straps should contain more than one hundred notes, and each package should be marked with the amount of its contents. A memorandum giving the amount of each denomination of notes, the total amount in the package, the address of the bank sending, and the disposition to be made of the proceeds, should be enclosed with each package, and a letter of advice sent by mail. All express packages should be sent to the "Treasurer of the United States, Washington, D. C.," and should have the wrapper plainly marked with the bank's name and address. Such packages should be sent

"collect" under "Government contract with the United States Express Company."

Banks taking out circulation are subjected to a semi-annual tax on the average amount of circulation outstanding. This tax is payable semi-annually. It is at the rate of 1 per cent. in all cases except where the circulation is secured by deposits of the 2 per cent. Consols of 1930. On circulation so secured the tax is at the rate of $\frac{1}{2}$ of 1 per cent. per annum.

The Treasurer, when levying this tax, takes as a basis the average amount of notes that a bank has had in circulation during the six months previous to the assessment date. This estimate must be made by each bank and submitted, under the oath of the President or Cashier, within ten days from the first of January and July.

If a bank fails to make a proper report on the average amount of circulation it has had outstanding for a period of six months, it is liable to a fine of $200, and the tax which must be paid by such an institution shall be assessed upon the amount of notes that have been delivered by the Comptroller, rather than on the average amount in circulation.

Liability for tax begins on the first day of January and July in each year, unless a bank should not at that time have any circulation outstanding. In the latter case, it begins with the date of the first issue of notes, and this liability terminates on the thirtieth day of June or the thirty-first day of December, depending on whether it will be the first or last six months of the year.

A bank can calculate the average amount of notes it has in circulation during a period of say six months, by taking the amount it has outstanding each day for the particular period, adding these amounts together and dividing by the exact number of days.

Should a bank not keep a daily record of outstanding circulation, but obtain its averages from weekly statements, it should pursue the same course as would a bank having daily reports. Instead of adding the amount of circulation outstanding each day, it should add together the amount of circulation outstanding each week, and divide by the number of weeks, instead of the number of days in the period. If there is any fraction of a week, the amount that should be added for each day of such a fraction is one-

seventh of the weekly balance immediately preceding the odd number of days. Banks whose circulation is not subject to a tax for the entire half year, if estimates are made from daily balances, should divide the total of these balances by the number of days in the half year, and banks which make their estimates from weekly balances should divide the total by the number of weeks and fraction of weeks in the half year. The tax computed on the result will be at the full semi-annual rate.

A bank must also take into consideration the bonds that have been deposited with the Comptroller as security for this circulation, as the tax on 2 per cent. Consols of 1930 differs from that on the 3 per cent. bonds of 1908, 4 per cent. bonds of 1907, and 4 per cent. bonds of 1925. If the notes are secured by a deposit of 2 per cent. Consols, $\frac{1}{4}$ of 1 per cent. of the daily average will be the semi-annual tax, and if on the other issues, $\frac{1}{2}$ of 1 per cent. for each half year period.

The Treasurer of the United States, shortly before the tax on circulation is payable, sends to each national bank, in duplicate, the form given on page 166. This blank should be filled out and sent back to the Treasurer within the ten days

following the dates on which the circulation tax is due. The duplicate form is kept in the bank's files.

A bank may pay the amount of tax assessed on its circulating notes to the Treasurer of the United States or to any Assistant Treasurer or National Bank Depositary. When such a deposit is made, triplicate certificates should be issued. The original should be immediately forwarded to the Secretary of the Treasury, the duplicate to the Treasurer, and the triplicate should be held by the bank as a voucher. This certificate must state specifically that the deposit is made on account of the semi-annual circulation tax. Should there not be a depositary convenient to a bank, it can make payment by draft on New York, which must, however, be collectible through the Clearing House. This should be to the order of the Treasurer. It can also make in "lawful money"of the United States or notes of national banks a direct remittance to the Treasurer.

Whenever the outstanding circulation of a bank is reduced to 5 per cent., or under, of its capital existing at the time, such circulation shall be free from taxation, and, also, if a bank

has ceased to issue notes for circulation, and has deposited with the Treasurer of the United States, in "lawful money," the amount of these outstanding notes, such circulation shall be exempt from taxation.

Every bank other than a national bank that issues circulation must pay to the Government annually a tax of 10 per cent. on the amount of notes issued.

United States bonds are not taxable by any State or municipal authority. The notes of a national bank in the hands of an individual or corporation are taxable as money on hand, but the bank is not subject to State taxation upon such notes as circulation.

Should any bank believe the tax levied by the Treasurer to be excessive, such an institution must make a statement of account to the Treasurer, which, if certified by him to be correct, will result in the excess tax being refunded.

Any bank desiring to withdraw all of its circulation, or a part of it, can do so by depositing with the Treasurer of the United States "lawful money" to an amount equal to the notes it wishes to retire. Upon the proper deposit of "lawful money" by a bank, the Treasurer will

re-assign the bonds he is holding in trust for such an institution to the bank withdrawing circulation, and will immediately destroy the redeemed circulation. No bank, of course, may reduce its deposit of bonds with the Treasurer below the limit of its Charter bonds, unless it is going out of business. Any bank which desires to withdraw all of its circulation will be assessed, when making its deposit of "lawful money" to redeem such circulation, the cost of transporting and redeeming its notes. The assessment will be equal to the average cost of the redemption of national bank notes during the preceding year.

The withdrawal of circulation is limited by the National Bank Act to $3,000,000 per month.

Before a bank makes arrangements to sell bonds and reduce its circulation, it should find out how far in advance the limit has been reached. Sometimes applications for reduction of circulation will equal the limit several months in advance, and a bank desiring to take advantage of a high price for its bonds is unable to retire its notes and reduce circulation until its application can be filed for some month in which the limit has not been reached.

A bank must, once each fiscal year, have an agent examine and compare the bonds that it has deposited with the Treasurer of the United States with the books of the Comptroller of the Currency and with its own accounts. If they are found correct, it must give to the Treasurer a certificate in the form found on page 168, which sets forth the different kinds of bonds that it had on deposit and their amount.

Through the Riggs National Bank, its representative in Washington, the National City Bank is prepared to undertake this examination in behalf of its correspondents and will make no charge therefor.

PROFITS ON CIRCULATION

THE profit which a national bank makes in taking out circulation is determined mainly by two factors—the price at which it can purchase Government bonds and the average rate of interest in the money market. As all issues of Government bonds sell above par, and as a bank receives in circulation an amount equal only to the par value of the bonds deposited, it is evident that it must pay out for the Government bonds which it deposits to secure circulation, more money than it receives in circulating notes from the Comptroller. The profit in the transaction lies in the fact that a bank can pay out the circulating notes, and that it also receives interest upon the Government bonds. That profit is reduced, however, by the fact that the outstanding circulating notes are taxed by the Government, that there are certain expenses attached to their printing, issue, and redemption, and that, as the bank purchases at a

premium bonds which will in due course be redeemed by the Government at par, the bank must set aside a sinking fund which will, by the time the bonds mature, absorb the premium. Remarks upon the nature of this sinking fund, which will be found in the discussion of profits on Government deposits, will apply with equal force in a consideration of the profits upon national bank circulation and are not, therefore, repeated here.

Owing to the fact that the bank must part with more money to buy the bonds which it will require as a basis for circulation than it will receive back in circulating notes, its profits on circulation increase as the average rate of interest in the money market decreases ; and as average money market rates advance, its profits on circulation decline. This is caused from the fact that it could loan the entire sum which it invests in bonds at the average money market rate, but if it takes out circulation it can only loan an amount equal to the par value of those bonds and loses the interest on the premium. That is compensated for by the fact that the bank receives interest on the bonds, but its profits are lessened, nevertheless, by the fact that no inter-

est is earned on the premium which the bonds cost, and, therefore, the higher the market rate for money, the smaller the profit on circulation.

In calculating the profits on circulation, account should be taken of the net cost of the bonds purchased. Dealing in Government bonds is, unless otherwise provided in the contract, uniformly at a flat price ; that is to say, if 3's of 1908-18 were purchased December 1st at 107½, the purchaser would have to pay $1,075 for each $1,000 bond, but there would have accrued interest from November 1st to December 1st, which should be deducted in arriving at the net price paid, because the whole quarter's interest, covering November, December, and January, would go to the purchaser who held the bonds when the transfer books closed December 31, 1903.

To make a typical illustration of the way in which are computed profits on circulation, we have assumed a purchase of $100,000 United States 2 per cent. bonds of 1930, bought December 1, 1903, at 106. There would have accrued the interest for October and November, and the net cost of the bonds, therefore, December 1st, was $105,668. If we assume the average

rate in the money market is 5 per cent., the profits on circulation will be reached in this way: The bank will receive the interest on the bonds, amounting to $2,000 annually, and, assuming that it keeps out all the circulation, in a 5 per cent. money market, it will receive $5,000 interest on circulation, making gross receipts of $7,000. As the circulation in this case is taken out on 2 per cent. bonds, the tax would be one-half of 1 per cent., or, on $100,000, $500. The average expense of redemption, express charges, etc., is estimated by the Government Actuary at about $63 on each $100,000 of circulation. The amount which will have to be set aside annually for the sinking fund in this case is $105, making the sum of the deductions $668. If this amount is subtracted from the gross receipts of $7,000, the net receipts are found to be $6,332. Had the cost of the bonds been loaned at the market rate of interest, the bank would have received $5,283 per annum. The net profit in taking out circulation amounts, therefore, to the net receipts as stated above, less the amount which would have been derived by loaning the money direct at 5 per cent. This difference is $1,049, which is .99 of 1 per cent. of the cost of the bonds; that is to

say, in a 5 per cent. money market, a bank taking out circulation December 1, 1903, based upon a purchase of bonds at 106 flat, would make annually 5.99 per cent. on the investment, where it would have received but 5 per cent. had it loaned the money direct.

This calculation shows the profits to be obtained by taking out $100,000 of circulation. On a less sum, the amount of profit would be proportionate, but the percentage of profit would remain the same.

The following is a calculation showing the profits to be derived from the issuance of circulation in accordance with the example given.

Receipts:		
Interest on bonds		$2,000
Interest on circulation		5,000
Gross receipts		$7,000
Deductions:		
Tax	$500	
Expenses	63	
Sinking Fund	105	668
Net Receipts		$6,332
Interest on cost of bonds		5,283
Profit on circulation in excess of 5 per cent. on the investment		$1,049
Percentage of profit in excess of 5 per cent.		.99

The increased income, however, is not all that a bank gains by distributing its notes throughout the community in which it is situated. The currency once disseminated becomes a dignified and an effective advertisement of the bank, although that perhaps is not of great practical importance.

BANK RESERVES

A BANK must at all times have on hand, or immediately available, funds which will, in the usual course of business, be sufficient to meet the ordinary daily demand from its depositors. The National Bank Act, having in view these daily payments, has provided that a national bank must retain a certain portion of its funds in an available form and this is known as "Reserve."

The legal reserve of a national bank is made up of cash in its vaults, the 5 per cent. fund deposited with the Treasurer of the United States to redeem its circulating notes, and, with certain limitations and exceptions, bank credits with regularly designated **Reserve Agents.** The funds in the vault of a bank which may count in its legal reserve consist of the following :

Gold coin,
Silver coin,
Minor coin,
Gold certificates,

Silver certificates,
Clearing House certificates,
United States notes,
Treasury notes.

In those cities where there is a clearing house which has provided a central vault for the use of members, a bank may deposit coin and legal tenders and receive from the Association "Clearing House Certificates," representing the gold so deposited. These certificates are issued in a form to pass only from one bank to another in payment of clearing debit balances. Such "Clearing House Certificates" may be counted in the reserve.

So-called "Clearing House Certificates" sometimes issued in times of monetary stringency by a clearing house association accepting bank collateral, and issuing "Clearing House Certificates" against such collateral, do not, of course, come within this meaning, and may not be counted in the reserve.

The amount of reserve that a bank must keep in compliance with the National Bank Act is a fixed percentage of its net deposits. The first step, therefore, in calculating the legal reserve of a national bank is to find exactly what are

Net Deposits according to the regulations of the office of the Comptroller of the Currency.

A bank, in order to find its net deposits, must first get the total of its gross deposits. There are numerous items which go to make up these gross deposits, and they are set forth in the following typical bank statement, which contains all items that are likely to be found in the usual bank report. The gross deposits can be ascertained by adding together all the items which are found distinguished by heavy type on the "LIABILITY" side of the statement. After this total is ascertained, the items found similarly distinguished on the "RESOURCE" side of the statement must be deducted, and the result obtained is the net deposits, which form the basis on which the reserve is figured.

Resources.	*Liabilities.*
Loans and Discounts	Capital Stock paid in.....
Overdrafts.....	Surplus Fund.....
U. S. Bonds to secure Circulation	Undivided Profits, less Expenses and Taxes.....
U. S. Bonds to secure U. S. Deposits	National-bank notes outstanding.....
Other Bonds to secure U. S. Deposits	Due to Other National Banks.....

U. S. Bonds on hand	Due to State Banks and Bankers .....
Premium on U. S. Bonds	Due to Trust Companies and Savings Banks....
Bonds, Securities, etc.....	Due to approved Reserve Agents .....
Banking House, Furniture and Fixtures	Dividends Unpaid.....
Other Real Estate owned ...	Individual Deposits .....
Due from National Banks..	U. S. Deposits.....
Due from State Banks and Bankers	Deposits of U. S. Disbursing Officers .....
Due from approved Reserve Agents	Bonds borrowed.....
Internal-Revenue Stamps....	Notes and Bills rediscounted.
Checks and Other Cash Items.....	Bills payable.....
Exchanges for Clearing House	Demand Certificates of Deposits.....
Bills of Other National Banks.....	Tax Reserve.....
Fractional Currency, Nickels and Cents.....	Special Deposits .....
Specie	Certified Checks .....
Legal-tender Notes	Cashier's Checks Outstanding.....
Five per cent. Redemption Fund	U. S. Bond Account.....
Due from U. S. Treasurer..	Liabilities other than those above .....
U. S. Bond Account.....	
Total	Total .....

According to the practice of the Comptroller's office, a bank need only keep reserve on the

amount of bank deposits that it has in excess of the amount due from other banks. Therefore, the amount "due from banks" should be subtracted from the amount "due to banks" if the latter amount is in excess, and the result added to the total of net deposits that are secured. If a bank's bank deposits are not as large as the amount it has coming from banks, both the items "due to banks" and "due from banks" are omitted entirely from the computation.

On pages 169 and 170 will be found reproduced the forms which the Comptroller of the Currency furnishes to banks for the purpose of computing their reserve. The first statement is the proper form for banks located in Central Reserve Cities and in Reserve Cities; the second statement is the proper form for banks located elsewhere than in Central Reserve and Reserve Cities. These statements are arranged in such a manner and in such detail that a careful study of them in connection with this chapter ought to make the method of calculating reserve perfectly clear.

The proportion of net deposits that banks must keep as a reserve fund varies and the amount is dependent on whether a bank is situ-

ated in a Central Reserve City, Reserve City, or what might be conveniently classified as an Undesignated City.

Banks have been divided into these three classes—Central Reserve Banks or banks in Central Reserve Cities; Reserve Banks or banks in Reserve Cities; and Country Banks, or banks in Undesignated Cities.

Central Reserve Banks must keep a reserve of 25 per cent. of their net deposits, and must keep this fund in their own vaults.

Reserve Banks are also obliged to keep a reserve of 25 per cent. of their net deposits, but they have the privilege of depositing one-half of this 25 per cent. with a bank in a Central Reserve City which has been approved by the Comptroller of the Currency as their reserve agent. The other half must be kept in their own vaults.

Country Banks need only maintain a reserve of 15 per cent. of their net deposits, and of this amount they need only keep two-fifths in their own vaults. The remainder may be placed with a bank in a Central Reserve City or in a Reserve City under the conditions of approval above stated.

Under these regulations, a Central Reserve

Bank, while being unable to get interest on any portion of its reserve fund, is in a position to secure the reserve funds of banks in Reserve Cities and Undesignated Cities. Banks in Reserve Cities, being restricted more than banks in Central Reserve Cities in the matter of holding reserve funds, are allowed to keep a portion of their own reserve at interest with a Central Reserve Bank. Country Banks, not being allowed to hold the reserve of any other banks, need only keep a small portion of their own reserve in their vaults.

Central Reserve Cities are cities having a population of at least 200,000. They are not designated by the Comptroller of the Currency, on his own motion. Any city, having the required number of inhabitants, may be designated a Central Reserve City if three-fourths of the national banks located therein make application therefor. Central Reserve Cities are so named because the banks in such a place can be selected as **Reserve Agents** by any bank in the United States, barring those in other Central Reserve Cities. That is, banks in Reserve Cities, and in Undesignated Cities, can deposit a certain proportion of their Reserve with banks in a Cen-

tral Reserve City. The banks in a Central Reserve City cannot, on their part, deposit any of their reserve with other banks, but must keep it all in their own vaults. The reserve required for such banks is 25 per cent.

The Central Reserve Cities are as follows:

Chicago
New York
St. Louis

Reserve Cities must be cities having at least 25,000 population. They are designated in the same manner as Central Reserve Cities, upon application of three-fourths of the national banks located therein. Banks in a Reserve City may be selected by banks in Undesignated places as **Reserve Agents.** They must keep a reserve of 25 per cent., and of this amount one-half may be deposited with some correspondent in a Central Reserve City.

On April 1st, 1904, the Reserve Cities were as follows:

Albany
Baltimore
Brooklyn
Boston
Cedar Rapids
Cincinnati
Cleveland
Columbus

Dallas	Minneapolis
Denver	New Orleans
Des Moines	Omaha
Detroit	Philadelphia
Dubuque	Pittsburg
Fort Worth	Portland
Houston	St. Joseph
Indianapolis	St. Paul
Kansas City, Kan.	Salt Lake City
Kansas City, Mo.	San Francisco
Lincoln	Savannah
Los Angeles	Washington
Louisville	Wichita
Milwaukee	

Undesignated Cities, a convenient term for grouping all smaller banks, include all banks not in a Central Reserve or Reserve City. Banks in this class may not become reserve agents for any other banks. They need to keep only a 15 per cent. reserve, however, and of this 15 per cent. three-fifths may be placed with banks in either Central Reserve or Reserve Cities.

A Reserve Agent is a bank that has been selected by another bank to hold a part of its reserves. Any national bank in a Central Reserve City may be selected as Reserve Agent by banks in Reserve and Undesignated Cities, and any bank in a Reserve City by banks in Undesig-

nated Cities. Such agents, when they are selected by a bank, must meet with the approval of the Comptroller of the Currency.

A bank desiring to have a Reserve Agent appointed, makes an application by letter to the Comptroller of the Currency. No particular form of letter is required for this application, and if the bank which it is proposed to make a Reserve Agent is in good standing, the application will be promptly approved.

When the reserve of a bank falls below the amount specified by law, such a bank must not further increase its liabilities in any manner, except that it may continue to purchase bills of exchange payable at sight. The bank must also stop paying dividends until the reserve is made good. After a bank has been notified by the Comptroller of the Currency that its reserve is below the legal limit, it must within thirty days from that time replenish such reserve, or the Comptroller may, with the concurrence of the Secretary of the Treasury, appoint a receiver to wind up its affairs. Any action on the part of the Comptroller in such a matter is discretionary and not mandatory.

GOVERNMENT DEPOSITARIES

THE Government has utilized banks in its fiscal operations ever since the Revolutionary War. Robert Morris, who carried on the financial operations of the colonies at that time, accomplished his object by operating largely through banks which he organized for the purpose. During the period of the Revolution and up to 1809, no regulations were in force regarding the disposition of the public revenues. Public moneys were placed in any bank or banks that the Treasury officials saw fit to designate. From 1789 to 1791 the Bank of North America in Pennsylvania was the principal depositary for public revenues. After 1791 the United States Bank was voluntarily included by the Treasury Department as a depositary institution. The Act of March 3, 1809, was the first specific enactment concerning the disposition of public money. This law made it incumbent on the Treasury officials to place public moneys in

the hands of disbursing officers in some duly incorporated bank to be named by the President. The regulation had no bearing on the accounts of collecting officers. In 1816, upon the renewal of the charter of the United States Bank, it was provided in the charter that public moneys should be placed in that institution or its branches. This regulation remained in force until President Jackson's term. He was opposed to the concentration of deposits in one bank and proceeded to distribute them among the various State institutions. The sudden augmenting of deposits in the various State banks induced an undue expansion of credit and speculation, so that in 1837, when the Government was forced to withdraw some of these deposits, a distressing panic ensued. President Van Buren then recommended the Independent Treasury system and the Independent Treasury law was passed July 4, 1840. It remained in force only until August 13, 1841. On August 16, 1846, a new Independent Treasury law was enacted and has remained in force until the present day. Public funds in banks were then withdrawn, and from 1847 to 1864 no Government account was kept with banks.

In the year 1864, the National Bank Act was passed. This Act provided that "all national banks designated for that purpose by the Secretary of the Treasury shall be depositaries of public money except from customs."

The making of an exception in the case of the customs receipts was due to the premium that existed on gold during the Civil War period. The Government was required to pay interest on the public debt in gold, and was thus forced to bring into the Treasury all the revenues payable in coin.

There are now three classes of depositary banks:

Permanent or Regular Depositaries.

Temporary Depositaries.

Special Depositaries.

Permanent Depositaries, as the name indicates are permanent in character. They are designated by the Secretary of the Treasury in localities where the principal offices of Internal Revenue Collectors are located. The main function of such banks, in their relation to the Treasury, is to receive deposits from revenue collectors. Banks are not appointed as Permanent Depositaries unless they are situated in a

section of the country where the collection and transfer of public revenues will be safe-guarded and facilitated by the machinery of a bank. Therefore, a bank, in order to be designated a Permanent Depositary, must first of all be in a locality where receipts from "Internal Revenue," "sales of public lands," or other sources than customs, are continuous and large enough to make a depositary of some use to the Government. If a bank is located in such a district, and its officers wish to be designated a Permanent Depositary, application should be made by letter to the Secretary of the Treasury.

When a bank is appointed a Permanent Depositary it is appointed to receive a certain amount of Government money. To secure such funds it must place with the Treasurer of the United States Government bonds equal in face value to the moneys to be deposited. Such a Government account can be utilized by a bank in the same manner as the deposits of individuals.

Government accounts with Permanent Depositaries are active. Revenue collectors deposit their receipts each day with the properly designated bank. If there happens to be more than

one Depositary in a place the Collector may alternate his deposits. For a deposit by a Collector the bank is required to issue a certificate of deposit, usually in triplicate. The original certificate the bank must send to the Secretary of the Treasury, the duplicate, in case of internal revenue receipts, to the Commissioner of Internal Revenue, in case of land office receipts to the Commissioner of the General Land Office. The triplicate the bank places in its own files. Such certificates of deposit must be mailed on the day the deposit is made. A copy of the "certificate of deposit" form will be found on page 171.

If a deposit is made with a depositary bank in excess of the maximum deposit for which the bank has been designated by the Secretary of the Treasury, such excess must be transmitted to the nearest sub-treasury on the day it is received. Remittances must involve no expense to the Treasury Department.

Every Permanent Depositary must on stated days render to the Secretary of the Treasury a transcript of the Treasurer's account, and also send a duplicate to the Treasurer. A list of weekly deposits, showing the details of the ag-

gregate amounts of receipts, should accompany the transcript to the Secretary of the Treasury. A separate list should be rendered for the deposit of each officer, if more than one makes deposits, and for each account.

Miscellaneous and incidental deposits should be clearly identified by the name of the depositor, and by indicating for what account deposited; if a repayment, the bank should state on what account the money repaid was originally advanced.

The debit side of the transcript should exhibit money paid by the bank, whether on a Treasurer's letter of instruction, transfer order, or Treasurer's warrant, with number of order, or number and character of warrant.

Counter entries should not be made without instructions from the Secretary of the Treasury or the Treasurer of the United States.

When counter entries are made to correct amounts previously and erroneously placed to credit or debit, it is very important that the name of the depositor and the date of the original entry should be given; corrections should never be made by changing balances once brought forward.

All warrants must be transmitted to the Treasurer with the account current on which they are entered ; otherwise such charges will not be allowed.

Transfers should be charged when remittance is made, without waiting for Certificates of Deposit, which can be sent to the Treasurer as soon as received.

A copy of the form of "Transcript," and "List of Deposits," will be found on pages 172 and 174 respectively. On page 178 will be found a list of dates on which transcripts must be rendered.

In places where there is a Government Depositary tax-payers are saved the inconvenience of paying their public dues in lawful money. The Government does not recognize the payment of taxes by check and draft, but a Collector is permitted to take them at his own risk on a bank that is a Public Depositary.

The Government endeavors, so far as possible, to keep the excess revenues deposited with a bank less than the premium that exists on the bonds which it has deposited with the Treasurer. That is, if a bank has deposited $100,000 of, say, 2 per cent. bonds for an account of $100,000

and the premium on those bonds is approximately $6,000, the Government endeavors to keep the daily excess deposits within $6,000. If such deposits are frequently in excess of the premium, the Government will be inclined to increase the account and ask for the deposit of additional funds.

The Government does not now receive any interest on money that is placed in national banks. There is no law prohibiting the exaction of interest, but it has not been required since the passage of the National Bank Act in 1864.

There are, at the present time, 268 regular or permanent depositaries.

Temporary Depositaries are depositaries that do not receive current deposits directly from public officers, but receive from the Treasurer, usually through the medium of another depositary bank, the amount of the funds allotted. Temporary depositaries are not selected to facilitate the collection business of the Government, but for the purpose of taking care of surplus revenues.

The first marked recognition of such depositaries occurred during the refunding operations

carried on in the '70's. In 1879 the operations of the Government incident to the resumption of specie payment resulted in the accumulation of considerable funds by the Treasury Department. Secretary Sherman, in order to prevent a glut of money in the Treasury Department, where it could only be paid out for daily expenditures or by an appropriation of Congress, made use of temporary depositaries. Notable use was again made of such agencies in 1887 and 1888 by Secretary Fairchild. Since then, whenever the receipts of the Government have been largely in excess of the expenditures, the Treasury Department has created temporary depositaries to hold such excess revenues. Any Government money placed with temporary depositary banks is available for business uses.

The principle difference between a permanent depositary and a temporary depositary, is that the account in a temporary depositary is inactive. The Secretary of the Treasury allots a certain portion of Government funds to such a depositary, and the account remains stationary, subject only to call by the Secretary of the Treasury. Money is usually placed in temporary depositaries through the agency of one of

the regular depositaries which the Secretary of the Treasury utilizes as a receiving and distributing agent.

Temporary Depositaries are not appointed because of location. Whenever the surplus of the Government warrants the creation of temporary depositaries, the Secretary of the Treasury, as far as possible, attempts to distribute such funds pro rata among the banks throughout the country. Any bank receiving a deposit must make a counter-deposit of Government bonds with the Secretary of the Treasury. Applications for temporary depositaries should be made by letter to the Secretary of the Treasury. Usually applications to be designated a temporary depositary are considered by the Secretary of the Treasury in the order of their receipt, discrimination, of course, being made in favor of banks in a section of the country where previously created depositaries are few in comparison.

Special Depositaries are depositaries in which court and post-office money-order funds are kept. Such depositaries are designated by the Secretary of the Treasury at the request of the Attorney-General or the Postmaster-General, according to the character of deposit.

Interest is sometimes paid by banks on court funds placed with them.

Whenever Congress appropriates money for the erection of a public building or other public improvement and it becomes necessary to designate a disbursing officer, such disbursing officer must keep the funds entrusted to him at the nearest convenient depositary or Sub-treasury. Usually the disbursing officer is a Government officer located in the place or near the place where the public improvements are being made and he keeps his account with a regular depositary if there is one. If such a disbursing officer is located at a point where there is a Sub-treasury, he is required to keep his account at the Sub-treasury. Sometimes the cashier of a bank is designated as a disbursing officer of the Government if no other Government official happens to be stationed at or near the place where an account is necessary to be kept, but a cashier so appointed cannot keep the funds he is required to disburse in his own bank unless it is a public depositary. In places where there is no Treasurer or Assistant Treasurer or bank depositary, the Secretary of the Treasury may, when he deems it essential to the public interest, specially

authorize that public money may be kept in some other manner under such regulations as he may deem safe and effectual to facilitate the payment to public creditors.

The Secretary of the Treasury has construed the section concerning the security required for Government deposits to include not only Government bonds, but other bonds that might in his discretion furnish a suitable margin of safety.

While the National Bank Act requires reserve to be carried on deposits of every class, the Secretary of the Treasury and the Comptroller of the Currency are vested by law with discretionary power in this connection, and, under the present ruling of these officials, this requirement is not being enforced against Government deposits.

The withdrawal of Government funds from Temporary Depositary banks can be made by the Secretary of the Treasury without any previous notice, although the withdrawal of any considerable amount is usually preceded by timely notice.

PROFITS ON DEPOSITS

THE profit which can be made on Government deposits depends on several elements. They are, the average interest rate in the money market, the particular issue of bonds which is used to secure the deposit, and the price and net investment yield of those bonds.

Consider first the case in which only United States Government bonds are deposited with the Treasury Department to secure the deposit of Government funds. For example, for every $100,000 of United States deposits secured there must be deposited $100,000 par value of United States bonds, and as all issues of Government securities sell at a premium it will be necessary for the bank receiving a Government deposit to pay out in the purchase of bonds more than it will receive back in the form of a deposit. There must also be taken into account the fact that, while the bonds are purchased at a considerable premium, each year that they are held brings them nearer

to the date of maturity, when they will be worth only their face value. It is therefore necessary in accurately calculating the profits upon Government deposits, to set aside from each quarterly payment of interest by the Government an amount sufficient, if placed at interest, to offset, at the maturity of the bonds, the premium which was originally paid. That deduction is called the sinking fund, and should be calculated with much care.

To arrive at that fund accurately a sum must be found which, if deducted from each quarterly interest payment, and placed at interest from the various dates of deduction to the maturity of the bonds, will amount at the maturity to exactly the premium which has been paid. In the calculations which are made in this volume in connection with typical forms showing both the profits on Government deposits and on national bank note circulation, the formula used by the United States Government Actuary is followed.

A bank receiving Government deposits must, as has been said, pay out for the United States bonds which it uses to secure these deposits, an amount in excess of the deposit received. On the other hand it receives the interest on the

bonds which are held in trust by the Treasury Department, and in view of the ruling of the Secretary of the Treasury and the Comptroller of the Currency in reference to reserve on Government deposits it may properly calculate interest on the total amount of the Government deposit received. Its gross receipts, therefore, will be equal to the interest on the bonds placed with the Treasurer, and interest on the full amount of the deposit at the current money market rate. There must then be deducted the amount necessary to set aside in the sinking fund to absorb the premium on the bonds purchased, and the comparison of that net return must be made with what would have been received had the total amount invested in the bonds been loaned directly at the current money market rate.

Suppose, for example, a bank purchased United States 2 per cent. consols, January 1, 1904, at 106. As interest on the 2 per cent. consols is payable January 1st, there would be no accumulated interest, so that 106 would be the net price. A bank therefore on a deposit of $100,000 would have to invest exactly $106,000. It would in a year receive the interest on those bonds amount-

ing to $2,000, and supposing the average money market rate to be 4 per cent., it could loan out the deposit obtained from the Government and receive $4,000 interest. The total receipts would therefore be $6,000, but there must be deducted from that the amount necessary to set aside for the sinking fund to absorb the premium on the bonds. If there is set aside each year $130, in four equal amounts, at the dates of the quarterly interest payments, and these amounts are improved at 4 per cent. until the maturity of the bonds in 1930, the total will just equal the $6,000 of premium that the bank has paid. Therefore, if we deduct $130 from the $6,000 of gross receipts we will have net receipts of $5,870, which would be the result if a bank obtained $100,000 of deposits.

Now if a bank had loaned $106,000 direct, it would have received $4,240 in interest. There is, therefore, a net profit in favor of a Government deposit of $1,630, or 1.53 per cent. over that which would have been derived from loaning the money direct. That is to say, if the bank could have loaned its $106,000 at 4 per cent. direct, it would have made 5.53 per cent. on the money by obtaining a Government de-

posit. If the bank does not take advantage of the Comptroller's permission to carry Government deposits without reserve the result will be less favorable. A bank must also take the market chance of a decline in the price of Government bonds.

A typical calculation as above analyzed would be as follows :

Profits on $100,000 Government Deposits secured by $100,000 United States 2 per cent. Consols purchased January 1, 1904, at 106, the average Money Market Interest Rate being regarded as 4 per cent.

Interest on bonds	$2,000.00
Interest on deposits	4,000.00
Gross receipts	$6,000.00
Deduction for sinking fund	130.00
Net receipts	$5,870.00
Interest on the money invested in bonds if loaned directly at 4 per cent.	4,240.00
Net profit on deposit	$1,630.00
Per cent.	1.53

This calculation varies, of course, with any fluctuation in price of bonds, with any variation in the average money market rate, and with any change in the issue of bonds purchased.

The National City Bank will at any time fur-

nish accurate calculations based upon any conditions of market price, money market rate of interest, and issues of bonds under which a result may be desired.

The Secretary of the Treasury has accepted deposits of certain bonds other than Government issues as security for public deposits. There are various State, territorial and municipal issues, also Philippine certificates and District of Columbia guaranteed bonds which have been so accepted. On these State and territorial issues the Government does not deposit up to the par value. Upon the District of Columbia bonds it does. The calculation of profits upon deposits based on other than Government bonds should be made in the same manner as shown in the typical illustration, and such calculations will be furnished by the National City Bank at any time request is made. The deposit of other than Government bonds has only been permitted under special and exceptional conditions, and up to the present time cannot be regarded as a regular practice of the Treasury Department. There is legislation now before Congress bearing upon this subject. The present law is perhaps somewhat obscure, but so long as Congress has taken no adverse view

of the Secretary of the Treasury's action in this connection, it would seem to have tacitly agreed to his right to accept such security for deposits, and whether or not there is any future legislation on the subject, it would seem probable that such securities would from time to time be accepted in lieu of Government issues. While the profits on deposits when secured by other than Government bonds are greater owing to higher interest rate that such bonds bear, the bank may be taking a greater market risk of a decline in the price of the bonds and the bank officers should keep that point in mind.

A consideration that cannot be accurately weighed, but which in some cases is nevertheless of much importance in deciding whether or not a bank should make efforts to obtain a public deposit, is the effect that such a deposit has upon the mind of the bank's clients. A bank that is enabled to print "United States Government Depositary" on its stationery and generally advertise the fact that the Government has confidence in it, may, in some communities, receive considerable advantage and that factor is always an element of more or less importance with banks securing deposits of Government funds.

OFFICIAL REPORTS

THE Comptroller of the Currency requires from every national bank at least five reports a year. There are no specific dates on which such reports must be submitted, the Comptroller making calls whenever he deems it proper. The Comptroller can at any time make a call on a national bank for a special report.

A bank, after it is organized, should always have on hand a set of the blanks necessary to make a report of its condition. These blanks can be had upon application to the Comptroller. There are two forms, one is for detailed report, which must be filled out and sent to the Comptroller, the other is a condensed report which must be filled out and sent for publication to the newspaper in the place where the bank is established, or if there be no newspaper in the place, then in the one published in the nearest city in the same county.

After the statement of a bank is published, it must be cut out from the newspaper, pasted on

the back of the condensed report and forwarded to the Comptroller. The publisher's certificate must be executed. The report that is published in the newspaper must be in the same form and in the same order of items as the one submitted to the Comptroller, including the full title and location of the bank, the affidavit of cashier, the notary's certificate and the attestation of at least three directors. If any items are blank in the original statement, such items may, of course, be omitted from the printed report, but the publication must never be condensed by combining two or more items into one.

The original report should never be delayed on account of publication. It should be forwarded at the earliest possible moment to the Comptroller and publication follow as soon after as possible.

The transmission of a report must not be delayed more than five days after the call.

Every report made to the Comptroller of the condition of a bank must be verified by the oath of the president or cashier of the association, and must be attested by the signature of at least three of the directors. No officer administering the oath verifying the returns made by a national

bank to the Comptroller of the Currency shall be an officer of that bank.

Every national bank must report to the Comptroller of the Currency within ten days after declaring a dividend, the amount of such dividend and the amount of net earnings in excess of the dividend. These reports must also be attested by the oath of the president or cashier.

Whenever a vote is taken by a bank to go into liquidation, the Board of Directors of such a bank must cause notice of the vote to be certified under the seal of the association by its president or cashier to the Comptroller of the Currency. Publication of the vote must also be made for a period of two months in a newspaper published in the City of New York and also in a newspaper published in the city or town in which the association is located.

The president or cashier of every national bank must have at all times a full and correct list of the names and residences of all the shareholders of the association and the number of shares held by each. A copy of this list must be forwarded to the Comptroller of the Currency on the first Monday of July of each year, the copy being verified by the oath of the president or cashier.

A bank must, on the first day of December and the first day of June each year, make a true and complete return of the monthly amount of circulation and of the monthly amount of notes of individual persons, of towns, city or municipal corporations, of State banks or State banking associations, that it may have paid out for the previous six months. One copy of such report should be transmitted to the Collector of Internal Revenues of the district in which the bank is situated, and one copy to the Commissioner of Internal Revenues. Every bank must, within ten days of the first day of January and July, make a return under the oath of its president or cashier to the Treasurer of the United States of the average amount of its notes and circulation for the six months next preceding the most recent first days of January and July. A form of this statement is found on page 166.

Any association that fails to make and transmit any required report shall be subject to a penalty of $100 for each day after the period mentioned that it delays to make and transmit this report. If any association refuses to pay the penalty after being assessed by the Comptroller of the Currency, the amount of assessment may

be retained by the Treasurer of the United States upon the order of the Comptroller of the Currency out of the interest as it becomes due to the association on the bonds deposited with him to secure circulation. An association which fails to make a return of its circulation is liable to a penalty of $200.

NOTICE OF SHAREHOLDERS' MEETING

UNLESS the by-laws render it necessary, a notice of an annual meeting of the shareholders of a national bank is not required, if the time and place for such meeting are stated in the Articles of Association, provided the election of directors is the only business to take place.

For an annual meeting at which business of an unusual character is to be transacted and for all special meetings of shareholders, notice should be given as required by the by-laws and Articles of Association of the bank. It is customary to provide in those documents for notice of such meetings. If no provision is made, however, the regulations of the Comptroller's office require a thirty days' notice to be given.

The notice of the meeting must accompany any papers transmitted to the Comptroller.

This notice should give the date of issue and should state clearly

First: The place for holding the meeting.

Second: The time, specifying the hour.

Third: The business proposed to be transacted.

(See page 179 for form of notice.)

EXTENSION OF CORPORATE EXISTENCE

THE existence of a national bank may be extended for a period of twenty years from the date of the expiration of its original charter. This date may be ascertained from the date of the last acknowledgment in the Organization Certificate. If, for any reason, that date is uncertain or the certificate has been lost, information on this point may be obtained from the Comptroller's office. Application for such extension may be filed with the Comptroller at any time within two years prior to the expiration. The necessary blanks and instructions will be furnished a sufficient time in advance to enable banks to take advantage of this privilege. It should be noticed in this connection, however, that this application must be filed at least two months prior to the expiration of the charter.

Application for the extension of the corporate existence of a national bank must be made to the Comptroller of the Currency by the presi-

dent or cashier under the conditions set forth in the foregoing paragraph. This application should be in the form given on page 180. It must be accompanied by an amendment to the Articles of Association in the form given on page 181. It is not necessary to hold a meeting of stockholders for the purpose of securing their consent to the amendment of the Articles of Association. That amendment, however, must bear the written signatures of the holders of at least two-thirds of the capital stock.

If it is desired to have represented in the amendment to the Articles of Association shares of stock standing in the names of administrators, executors, trustees, or guardians, certified copies of the legal appointment of such administrators, executors, trustees, or guardians should be furnished to the bank. If stock held by an assignee is to be represented, the shares must have been regularly transferred to him on the bank's books. If the amendment to the Articles of Association is signed by attorneys acting for shareholders, or by an officer of any corporation, properly executed Powers of Attorney or other authority should be required. These Powers of Attorney, however, should be retained

in the files of the bank and not forwarded to the Comptroller. (See pages 182 and 183 for forms.)

The execution of the amendment of Articles of Association should be certified to the Comptroller of the Currency by the president or cashier under seal of the association. This certification should be executed in duplicate in the form presented on page 184, one copy to be forwarded to the Comptroller and one to be retained by the bank.

When the foregoing papers have been executed in due form and forwarded to the Comptroller, the remaining step necessary is a special examination of the condition of the association. This examination must be paid for by the bank. If the report of the examiner is favorable, the Comptroller will, at the date of the expiration of the Charter, issue a **Certificate of Extension,** in the form given on page 185.*

It is required by law that the circulating notes issued to a bank by the Comptroller's office after the date of the Certificate of Extension of corporate existence, shall be of different design

* The regulations of the Comptroller's office require the publication for thirty days in a local newspaper of this Certificate of Extension.

from those issued under its original charter. This renders necessary the engraving of new plates, which are prepared at the expense of the bank. On page 186 is given a form of order for the engraving of new plates and the printing of new circulation. This order should be filled out in a manner similar to that provided for the original order of circulation, as explained in the chapter on circulation, and should be forwarded to the Comptroller with the application for extension.

The new notes are retained by the office of the Comptroller of the Currency, and as the old issues are received for redemption the new issues are substituted. This practice may continue until the end of three years from the date of extension, when the law requires a deposit of lawful money for the redemption of such portion of the old circulation as may then remain outstanding. This deposit of lawful money may be made in full at any time prior to the expiration of the three-year period if it is desired to provide at any one time for the redemption of the old issues.

It is not necessary for a bank extending its corporate existence to make any transfer of bonds held by the Treasurer in trust, as the ex-

tended association is in all respects the same as before extension.

There may be occasions when a shareholder does not wish to assent to the extension of the corporate existence of a national bank. In this event he may, within thirty days from the date of the Comptroller's Certificate of Approval of Extension, give notice in writing to the directors of his desire to withdraw from the association. He will then be entitled to receive from the bank the value of the shares held by him. This value is to be ascertained by an appraisal made by a committee of three persons, one to be selected by the shareholder, one by the Directors, and the third by the two persons so chosen. If the value fixed by this committee is not satisfactory to the shareholder, he may appeal to the Comptroller of the Currency. The Comptroller must then cause a reappraisal to be made. This reappraisal shall be final and binding. If the reappraisal exceeds the value fixed by the committee, the expenses of the reappraisal must be paid by the bank, otherwise the shareholder appealing to the Comptroller must pay the expense connected with the transaction. The value ascertained and determined in the manner

set forth, must be paid to the shareholder by the bank. The shares thus surrendered must be sold at public sale after due notice within thirty days after the final appraisal referred to.

RE-EXTENSION OF CORPORATE EXISTENCE

THE existence of a national bank may, if desired, be re-extended for a further period of twenty years from the date of expiration of the original extension of charter. If it is desired to do this, an amendment of the Articles of Association should be executed and forwarded to the Comptroller, together with a letter similar to that given on page 180. This amendment of the Articles of Association must be certified to the Comptroller.

The amendment of Articles of Association and the certificate to the Comptroller are similar to the forms presented on pages 181 and 184 with the exception that following the words "approved July 12, 1882," should appear the phrase "and the amendment approved April 12, 1902."

In accordance with the last paragraph of the certificate to the Comptroller, it is assumed that when shareholders representing the requisite

number of shares of stock have consented in writing to the extension of the charter, the Board of Directors will adopt a resolution, in a form to be determined by them, to be incorporated in the minute book of the bank. It should be noted in this connection that the resolution of the directors and the recording of the amendment must be of the same date as or later date than that of the signature of the last shareholder signing the paper.

Such other forms as are necessary in connection with the re-extension of corporate existence are similar to those used in the proceedings for the original extension with the exception of the Certificate Re-Extending Charter, which is given on page 187.*

A bank re-extending its corporate existence is subject to the same regulations with regard to the change of design of its circulating notes as is a bank extending its corporate existence for the first time. An explanation of these regulations will be found under the chapter on Extension of Corporate Existence on page 91.

* The regulations of the Comptroller's office require the publication for thirty days in a local newspaper of this certificate of re-extension.

CHANGES IN CAPITAL STOCK

A NATIONAL banking association may at any time increase its capital stock, but before taking any steps to this end it should first advise the Comptroller and secure his approval of the proposed action. The Comptroller will then furnish the necessary blanks and instructions for procedure. A meeting of shareholders must then be called. A form of the notice for this purpose is given on page 179.

If the approval of the holders of two-thirds of the stock is given to the proposed increase, the President or Cashier of the bank must certify to the Comptroller the adoption of a "Resolution to increase the Capital Stock" as given on page 188.

The whole amount of the contemplated increase must be paid in cash, and no increase is valid until this entire amount is paid and the Comptroller has issued his certificate of approval, naming the sum which is to constitute the capi-

tal of the bank in the future. If the increase of capital renders the deposit of additional bonds necessary (see table on page 9), this action must be taken before the issuance of the Comptroller's certificate. Formal notice of the payment of the increase in capital must also be certified to the Comptroller by the President or Cashier, in the form given on page 189.

If it is the desire of the shareholders to use any portion of the money in the surplus fund or to the credit of undivided profits for the purpose of increasing the capital stock of the bank, the Board of Directors must in the regular course declare a dividend. The money thus provided may then be used for the purpose. Only such portion of the surplus fund as exceeds the amount required by law to be set aside may be applied to the increase in capital in the manner indicated. The requirements of the law with regard to the surplus fund of a national bank are as follows :

Each bank must, before the declaration of a dividend, carry to its surplus fund one-tenth of its net profits for the preceding half year until the surplus fund amounts to 20 per cent. of the capital stock of the bank.

If a national bank desires to reduce its capital

stock, it should follow practically the same procedure as that required for an increase. That is to say, it should notify the Comptroller of its intention; should, upon receiving his approval, secure from him the necessary blanks and instructions, and should (in the form provided on page 179) call for a meeting of shareholders to vote upon the proposition. At this meeting the shareholders may, by a vote of those holding two-thirds of the stock, reduce the capital to any sum not below the minimum amount required by the National Bank Act (see table on page 3).

If the circulating notes of a bank proposing to reduce its capital are in excess of the sum determined upon as the new capital of the bank, this circulation must by a deposit of lawful money with the Treasurer of the United States be reduced to an amount not in excess of the proposed future capital. A bank retiring circulation as a preliminary to a reduction of its capital stock is not subject to the provision limiting the retirement of circulation to $3,000,000 in any one month.

When the preliminary steps outlined in the foregoing have been completed, the President or Cashier of the bank must certify to the Comp-

troller the adoption of a "Resolution to reduce Capital Stock," in the form given on page 190. The President or Cashier must also certify to the Comptroller, in the form given on page 192, the fact that the reduction contemplated has actually taken place.

When the reduction is made, the shareholders should return their old certificates to the bank for cancellation. New certificates for the proposed reduced capital should then be issued. It is lawful to issue certificates for fractional shares but it is desirable to avoid this when possible.

No part of the reduction of the capital may be carried to the credit of surplus or undivided profits without the unanimous consent of the shareholders.

When the above requirements have been complied with, the Comptroller will issue a certificate approving the reduction of capital as applied for.

CHANGE OF NAME OR OF LOCATION

A NATIONAL BANK may, at any time, change its name. It may also change the place where its operations are carried on to any other locality in the same State not more than thirty miles distant.

When a bank desires to make either one or both of the foregoing changes, it should first correspond with the Comptroller of the Currency. If the proposition submitted meets with his approval, a meeting of shareholders should be called. (See page 179 for notice.) At this meeting the proposed change must receive the approval of the owners of at least two-thirds of the capital stock of the association.

A copy of the notice of the meeting above referred to, together with a certified copy, under seal of the bank, of the resolutions, showing in detail the vote by which they were adopted, must be sent to the Comptroller of the Currency. (See page 193 for form of resolutions). The

correctness of these resolutions must be certified to the Comptroller of the Currency by the president or cashier in the form given on page 194.

Any change in the name or location of a bank necessarily alters the corporate title of the institution. It is therefore necessary for the Board of Directors to execute a resolution in the form given on page 164 authorizing the Comptroller of the Currency to withdraw the bonds deposited in trust for the bank, and further authorizing the Treasurer of the United States to transfer those bonds to the "Treasurer U. S. in trust for —— to conform to change of title." It should be noted in this connection that the Treasurer's receipts for the bonds proposed to be withdrawn must be forwarded with this resolution to the Comptroller of the Currency.

At the same time, the bank must transmit to the Comptroller an order for new plates and circulating notes. This order should be headed "Change of Title" and should be in the form presented on page 165. All regulations regarding a bank's original order for plates and circulation apply to this order on account of change of title and should be carefully followed. Complete information on this point is given in the

chapter on "National Bank Note Circulation" on page 24.

If all papers in connection with the proposed change are properly executed, the Comptroller will issue a certificate of approval. The bank may then commence business under the new name or in the new location.

LIQUIDATION

IF it is desired to discontinue the existence of a national bank, the Directors should make application to the Comptroller of the Currency for his approval. If there is no objection on the part of the Comptroller to this step, he will forward the necessary blanks and instructions.

A notice in the form given on page 179 should be sent to shareholders to the effect that a meeting is to be held to vote upon the question of liquidation.

The votes of shareholders owning not less than two-thirds of the capital stock of the bank are necessary in order to liquidate the assets of any association.

When a meeting has been held and a resolution in the form given on page 195 has been adopted by the required two-thirds vote, the Board of Directors, through the President or Cashier, should notify the Comptroller of the

Currency to that effect. This notification must be in the form given on page 197, and must bear the seal of the association. It must notify the creditors of the bank to present notes and other claims against the association for payment, and request the settlement of obligations to the institution.

The notification, or Certificate for Voluntary Liquidation, as it is called, must appear for a period of two months in some newspaper published in the City of New York and also in a newspaper published in or near the city in which the bank is located. A certificate of each publisher that the required publication has been made, together with the notice from one issue of the newspaper, should be sent to the office of the Comptroller of the Currency. This publication certificate may be in the form given on page 198.

Within six months after the shareholders have voted to liquidate its assets, a national bank must deposit with the Treasurer of the United States lawful money in an amount sufficient to redeem all its outstanding circulation. A bank retiring circulation for the purpose of going into voluntary liquidation is, however, not sub-

ject to the provision limiting the retirement of circulation to $3,000,000 in any one month. The Treasurer of the United States will issue duplicate receipts for the money deposited with him; one of these receipts will be sent to the liquidating bank and the other to the Comptroller of the Currency. The receipts will state the amount received by the Treasurer and the purpose for which it is deposited with him. The money is paid into the Treasury of the United States to the credit of the association depositing it, and is held in the redemption account.

Whenever a deposit of lawful money is made in an amount sufficient to redeem the outstanding circulation of a liquidating association, the bonds held by the Treasurer as security for the payment of such circulation will be re-assigned to the bank. The association and its shareholders will then be discharged from all liabilities connected with its circulating notes, and such notes will be redeemed at the Treasury of the United States and charged to the redemption account referred to in the foregoing.

If any liquidating bank fails to make the necessary deposit of lawful money for thirty days after the expiration of six months, the Comptroller

of the Currency is authorized to sell at public auction in New York City the bonds pledged as security for the circulation of the bank. If the proceeds of such sale exceed the amount necessary to be provided for the redemption and cancellation of the circulation of the bank and the necessary expenses of the sale of its bonds, any surplus remaining will be paid by the Comptroller to the bank or its legal representatives. The shareholders, into whose hands the affairs of a liquidating bank pass, are generally regarded as the legal representatives of the institution.

A national bank which is in good faith liquidating its assets for the purpose of consolidating with another institution, is not required to deposit lawful money for the redemption of its outstanding circulation. Its assets and liabilities must, however, be reported to the Comptroller of the Currency by the association with which it is to be consolidated.

RESTRICTIONS

NO national bank may be organized with a capital less than $25,000.

No national bank may be organized with a capital less than $50,000 in a town with a population of over 3,000.

No national bank may be organized with a capital less than $100,000 in a town with a population of over 6,000.

No national bank may be organized with a capital less than $200,000 in a town with a population of over 50,000.

No shares of a national bank may be issued in denominations of less than $100, unless it is a conversion of a State bank, the shares of which had a par value less than $100.

No national bank may commence business until 50 per cent. of its capital stock has been paid in. The remainder must be paid in instalments of at least 10 per cent. of the whole amount of the capital, each successive month.

No less than five natural persons may form a national bank.

No national bank may transact business except that which is incidental to its organization until it has been authorized by the Comptroller to do so.

No national bank may have less than five directors.

No person may be a director of a national bank unless he is a citizen of the United States.

No less than three-fourths of the directors of a national bank must have resided in the State, territory, or district where the bank they represent is located, for at least one year immediately preceding the organization, and must be residents of the State in which the bank is located during their term of office.

No director of a national bank may own less than ten shares of the capital stock of the bank with which he is connected, and such stock, while he is serving in the capacity of a director, may not be hypothecated or pledged for a loan or for a debt.

No officer, teller, clerk or bookkeeper of a bank may act as proxy for one of the stockholders, and directors are held by the Comptroller to be officers within the meaning of this prohibition.

No shareholder in a national bank whose liability is past due and unpaid shall be allowed to vote at any of the meetings of the shareholders until such liability has been paid.

No executors, administrators, guardians, and trustees are personally liable as stockholders of a national bank, but the estates which they represent are equally liable with other stockholders.

No shareholder in a national bank is liable for another shareholder, but each shareholder is held equally liable for all debts, contracts, and engagements of the national bank with which he is connected to the amount of the stock he holds therein at its par value, in addition to the amount invested in such shares.

No increase in the capital of a national bank is valid until it has all been paid in and the Comptroller's Certificate of Approval obtained.

No reduction may be made in the capital of a national bank below the amount of its outstanding circulation, unless lawful money is deposited with the Treasurer of the United States for the redemption of the excess, and no reduction shall be made until the amount has been reported to the Comptroller and has been sanctioned by him.

No more than $3,000,000 in lawful money

may be deposited by national banks in one month with the Treasurer of the United States for the redemption of their circulation.

No national bank shall issue post notes or other than regular bank notes provided for in the National Bank Act.

No national bank shall be a member of a clearing house that does not accept United States Gold and Silver certificates in the settlement of clearing-house balances.

No step toward the conversion of a State bank into a national bank may be taken without the approval of the owners of two-thirds of the capital stock.

No converted institution may have a less capital than that prescribed for national banks in the National Bank Act.

No national bank that changes its name and its location is thereby released from any of its old liabilities, nor does such change affect any action or proceeding which such an association may have been interested in or taken part in.

No tax is levied on circulation that does not amount to more than 5 per cent. of the capital stock at the time the circulation was issued.

No tax shall be levied on the circulation of a

national bank if such a bank has deposited with the Treasurer of the United States an equal amount of legal tender for its redemption.

No bank that is deficient in its reserve requirements shall increase its liabilities by making any new loans or discounts otherwise than by discounting or purchasing bills of exchange payable at sight, nor shall it declare any dividend out of its profits.

No national bank in a Central Reserve City may deposit any portion of its required reserve with another bank. It must keep it all in its own vault.

No national bank in a Reserve City may deposit any of its required reserve with other banks in Reserve Cities, but may deposit one-half in banks in a Central Reserve City.

No national bank in an Undesignated City may hold the reserve of any other national bank and must keep two-fifths of its required reserve of 15 per cent. in its own vault. The rest may be deposited in a bank in a Reserve City or a bank in a Central Reserve City.

No organization of a national bank is complete until bonds to the amount of one-fourth of its capital have been deposited with the Treasurer

of the United States. In cases where the capital of the bank is more than $150,000, $50,000 is the minimum amount required.

No bank may take out more than one-third of its circulating notes in $5 denominations.

No national bank's circulation may exceed the amount of the bank's paid-in capital.

No notes presented by a bank for redemption may be in sums of less than $1,000.

No account is taken by the Treasury Department in the matter of the 5 per cent. fund of any of the notes of a national bank that have been lost, stolen, or put in circulation without the proper signatures of the officers.

No national bank can refuse to receive at their par value the notes of any other national banks.

No national bank shall pay out the notes of any national bank that is not redeeming its circulation in lawful money of the United States.

No bank shall make less than five reports during each year, according to the form which may be prescribed by the Comptroller of the Currency.

No reports of condition or of earnings and dividends shall be made by a national bank to the Comptroller of the Currency without be-

ing sworn to before a Notary Public or some other officer having an official seal with proper authority to administer oaths.

No officers of a national bank making such a report may administer an oath.

No corporate existence of a bank may be extended without the consent in writing of shareholders owning not less than two-thirds of the capital stock of such an association.

No association that has defaulted in the payment of its circulating notes shall pay out such notes, discount any notes or bills, or otherwise continue the business of banking, except to receive and safely keep money belonging to it and to deliver special deposits.

No officer, clerk, or agent of a national bank shall certify a check drawn upon the association, unless the person or company drawing the check has on deposit at the time with the association an amount of money equal to the amount specified in the check.

No national bank may purchase or hold any real estate, outside of the property on which it is doing business, excepting in cases where it is necessary to take real estate in payment for a bad debt. When a bank is compelled to do this, it

must dispose of such real estate within five years thereafter.

No rate of interest shall be charged by a national bank that is in excess of the interest rate allowed by the regulations of the State in which it is doing business. If a State Government discriminates in its regulations regarding interest in favor of individuals as against State and savings banks, a national bank may be classed as an individual and charge accordingly. When there is no regulation by the State Government, a bank is permitted to charge a maximum rate of 7 per cent. Any evasion of the interest laws may result in a forfeiture of the entire interest on the note or obligation.

No national bank is permitted to declare a dividend until it has twice each year placed one-tenth of its net profits for the preceding six months to surplus account. This rule does not hold good when the surplus amounts to 20 per cent. of the paid-in capital of the bank.

No national bank is permitted to hold any of its own shares, except when it takes such shares as security for a bad debt. If it is necessary to do this, the bank must dispose of the shares within six months.

No national bank is allowed to loan any one person or corporation more than a one-tenth part of its capital actually paid in. The discount of bills of exchange drawn against actual existing values, and the discount of commercial or business paper actually owned by the person negotiating the same, shall not be considered as money borrowed.

No national bank may draw money from its capital account to pay out in the form of dividends.

No national bank, when its losses equal its undivided profits, shall pay a dividend until it has deducted from its net profits all bad debts and losses.

No debt due a national bank on which interest is past due and unpaid for a period of six months, unless the same is well secured and in process of collection, shall be considered a good debt.

NEW YORK CORRESPONDENT

ONE of the most important steps to be taken by the directors and officers of a new bank is the selection of its reserve correspondent. This selection should have attention before the organization of the bank is completed. The large institutions in the Reserve Cities are accustomed to handling all the details of organization, and are often in a position to be of much service in that connection. Not only may they be consulted with regard to detailed matters of that character, but they may be called upon to secure for the new banks, at the most favorable rates possible, the necessary charter bonds, which must be deposited with the Treasurer of the United States as a preliminary to the beginning of actual business. The new bank may also wish an advance upon the bonds necessary to be purchased, pending the issuance of its circulating notes.

After the organization has been completed,

the new bank will have almost daily occasion, both on its own account and on that of its customers, to draw metropolitan drafts; and will, in the regular course of its business, find it necessary to handle through its reserve correspondent collections of bank items received from its depositors. In addition to those daily needs, the country bank will find it desirable to establish relations where, in case of necessity, it can receive an extension of credit.

In fact, the relation with the city correspondent will become of greater and greater importance as the business of the bank expands, and in the selection most careful consideration should be given to all the various relationships which will be developed. A question of first importance in the selection of a city correspondent is security. A country bank may keep from one-half to two-thirds of its reserve balance with its city correspondent. No matter how well managed the affairs of the local bank may be, it could not escape serious inconvenience in case there should, from any cause, be embarrassment of the city institution.

There is another side to this question of security. The fact that the country bank is associ-

ated with a strong city institution will often be a determining factor in the confidence with which a new institution is regarded. The city bank is bound to feel itself in a way responsible for the welfare of its correspondent and is, therefore, careful to accept the responsibility only after satisfying itself that it may safely set the seal of its approval upon the smaller institution. This fact in itself will often prove of much importance in the new bank's relations with institutions which may wish to entrust their business to it.

In making its choice of a city correspondent, the new bank will be more nearly assured of securing the foregoing advantages if it entrusts its city balance to an institution having a large capital and a considerable surplus. Those two factors make for safety, and certainly the safety of reserve balance should be one of the main determining reasons in the selection of a city correspondent.

Aside from the safety of its balance, the standing given to it and the probability that its loan requirements will be cheerfully met in time of need, an important factor of the country bank's association with an institution of magnitude is

the amount of reciprocal business in the way of collections which can be sent to the country bank by the large city institution through which many thousands of checks are cleared daily.

The country bank receiving collection items from its city correspondent has oftentimes the advantage of receiving checks on its neighboring banks. The amount represented by these checks on neighboring banks is of value, in offsetting the amount presented at the bank's counter for payment, or is of use in offsetting checks which may be presented through the local clearing house. It will be seen that a country bank receiving from its city correspondent the largest amount of checks on the associated banks of its city, is practically protected against the unexpected withdrawal of large sums through channels other than its own,—as should such withdrawals be made, the amount of local checks sent to it by its city correspondent may be used to offset them.

The country bank associated with a liberal city institution may look forward confidently to receiving the fairest possible treatment in the handling of its own collections. The associated banks of New York are subject to certain rules

and regulations which have been put in force by the clearing house. Those regulations provide that associated banks may use their discretion with regard to charges for the collection of items on the largest Eastern cities. The National City Bank, in line with its policy to extend the most liberal treatment possible to its correspondents, handles items on the so-called discretionary points without charge.

The remainder of the United States is divided into two sections on which charges of one-tenth and one-fourth of one per cent, respectively, are made. For the collection of items on points east of the Mississippi River and north of Tennessee, a charge of one-tenth of one per cent. is made. For the collection of items on all other points (with the exception of Missouri, which is in the one-tenth class), a charge of one-fourth of one per cent. is made. Items payable in Canada and the Provinces are also subject to a charge of one-fourth of one per cent. When the fact is considered that the country bank is enabled to draw against funds forwarded to its New York correspondent for collection with practically the same freedom as may be done in the case of direct New York funds, it will be

seen that the charges in question are not unreasonable.

The New York bank derives no monetary profit from transactions arising from the direct presentation of its collection items. When, however, the New York bank can send checks, drafts and notes directly to the points on which they are drawn and have them presented promptly for payment, there will be considerable advantage derived, not only from the saving of time which will result, but also from the early verification of the genuineness of the items in question.

The National City Bank is glad to extend an offer of its services to institutions which may contemplate selecting or adding to the number of their correspondents in New York City. This bank, which began business as a State institution in 1812, was converted into a national bank in 1865 and has, since its inception, shown a steady, satisfactory growth and development. Beginning as a national institution with a capital of $1,000,000, it increased that capital in 1900 to $10,000,000 and again increased it in 1902 to $25,000,000. The surplus and undivided profits of the bank on March 28, 1904,

the date of its last report to the Comptroller of the Currency, were $17,675,926. These figures are augmented by its stockholders' liability of $25,000,000, making a total guarantee for the protection of reserve balances kept with it (as shown by its capital, surplus and stockholders' liability) of $67,675,926.

The National City Bank is in a position to handle all detailed matters connected with the organization of new banks. It will, if desired, instruct its Washington representative by wire to present in person to the Comptroller's office a bank's request for approval to organize. This action will tend to expedite considerably the forwarding of the necessary papers and the prompt action of the Comptroller's office upon the bank's application.

The bank has a completely equipped bond department, to which may be entrusted the purchase of the charter bonds of the new bank. These bonds will be procured for new organizations without commission, at the most favorable rates permitted by the current market, and will be deposited in Washington with the proper official without charge. If the new bank desires an advance upon the bonds pending the issuance of its

circulating notes, an arrangement of this character will be made at low rates. The bond department of the National City Bank will also, if it is desired, attend to putting the notes of the new bank in circulation. Should the bank at any time desire to substitute one issue of bonds for another, or to withdraw any portion of the bonds on deposit in excess of the amount of the charter bonds, the National City Bank will attend to such substitution or withdrawal without charge.

The transaction of such business is greatly facilitated by the fact that the National City Bank has its own telegraph instruments and operators, thus insuring the utmost despatch in executing the telegraphic requests of its correspondents.

Calculations showing the relative profits on the various issues of Government bonds as security for circulation or public funds, as made by the Actuary of the United States Treasury Department, will be furnished to banks desiring them. The bond department also keeps itself fully informed regarding the attitude of the Secretary of the Treasury toward the creation of Government Depositaries and regarding the regulations of the Treasury Department concerning these Government agents. Information of this character of

interest to national banks is embodied in a monthly circular published by the bank. This circular will be sent upon request.

The National City Bank has close relations with the leading financial institution in Washington, the Riggs National Bank. Through this association, it is enabled to offer its correspondents the advantage of the most extensive facilities at the Capital. It will be seen that the presence of a closely affiliated representative in Washington adds materially to the thoroughness and promptness with which matters connected with the deposit of bonds at the Treasury, the expediting of matters connected with the organization of banks and the proper presentation of applications concerning circulation and Government deposits, can be effected. The Riggs National Bank is in a position to act for correspondents before the Treasury in all matters ordinarily entrusted to a national bank agent. These matters include the sending of advice by wire of the Comptroller's calls for reports of condition, the witnessing of the destruction of worn-out and mutilated circulation, and the annual examination of bonds on deposit with the Treasurer of the United States. The last-named services are required by law.

Through its association with the Riggs National Bank, the National City Bank is enabled to perform them for its correspondents without charge.

If it is desired, arrangements may be made with the Riggs National Bank to ship correspondents their incomplete currency. This currency is prepared by the Bureau of Engraving and Printing on the order of the Comptroller's office, and is ordinarily shipped by express at the expense of the bank for which it is intended. The Riggs National Bank will, if desired, ship this incomplete currency by registered mail, insured, the only charge in this connection being the postage fees and insurance cost. A considerable saving in transportation charges may be effected in this way.

So far no mention has been made of the close relations which the National City Bank entertains with banking institutions of prominence abroad. It counts as its correspondents in London, Berlin, Paris, and the littoral of Europe the most prominent institutions and is thus enabled to secure for its correspondents, through its intermediary, exceedingly prompt service in all transactions entrusted to its care. The American travelling public hails from no particular

locality, hence banks in the interior, no matter how remote from the seaboard, may be called upon at an instant's notice to transfer funds to their clients who are sojourning abroad, and as such calls are, as a rule, matters of urgency, the machinery is readily set in motion and the most exacting requirements are complied with without any delay.

Other demands are frequently made upon interior banks, which, without the intervention of a prominent institution at the seaboard, they are unable to comply with, and it is here the National City Bank can offer facilities to meet every possible contingency.

The National City Bank has a well-equipped Foreign Exchange Department, whose transactions run into the millions daily. The scope of its operations varies from the small remittance to the financing of important bond issues. In fact, while the machinery of its organization is very intricate, it is nevertheless one that works with remarkable efficiency and promptness.

The clientele of every interior bank embraces citizens of foreign nationality, whose ties with the mother country are still intimate, hence a constant interchange of remittances takes place.

The local merchants may be desirous of importing direct, thus saving the middleman's profits, or, on the other hand, clients may have goods to dispose of abroad, but do not care to await remittance from the other side, or the terms of the sale are such that two or three months would elapse before they were placed in funds. It is one of the functions of the National City Bank to purchase approved bills of exchange with shipping documents attached, to provide commercial letters of credit for the purchase of goods abroad, also to furnish the travelling public with Circular Notes and with Circular Letters of Credit. In fact, the equipment is such that every transaction of a banking nature, no matter where located, can be attended to with the minimum of cost and without loss of time.

The services of this department are always at the disposal of the bank's interior friends and a cordial invitation is extended them to make use of those services wherever and whenever opportunity offers.

The National City Bank has a most complete credit department, which is always at the disposal of its correspondents. This is of great value to an institution situated in the interior, as

it is always able accurately and speedily to learn the standing of individuals and corporations.

The various departments of the National City Bank are carefully systematized, and it is thus placed in a position to handle promptly all the New York business entrusted to it. Its Board of Directors is of a most representative character, enabling it to be of service to correspondents in almost any line in which their financial interests may extend.

In the extension of credit, either through loans or discounts, it is the aim of the National City Bank to afford its correspondents the most liberal treatment, both as regards amount and rate. The bank is bound by no hard and fast rules regarding discount and loan rates, but aims always to give correspondents the lowest quotations permitted by the current money market.

In a word, the National City Bank aims to offer its correspondents facilities which they will not find duplicated by any other institution, and it welcomes correspondence looking to the establishment of reciprocal relations. The bank endeavors to add constantly to its already extensive facilities and it particularly desires to have its correspondents feel free to consult it on any

point regarding the management of their institutions, the standing of those with whom they may have dealings, and other matters concerning which there may be some question. It is the aim of the National City Bank to make itself broadly useful to institutions throughout the country, and it is hoped that those institutions will make use of its facilities to the fullest possible extent.

DOCUMENTS USED IN CONNECTION WITH THE ORGANIZATION AND CONDUCT OF A NATIONAL BANK, PRESENTED IN THE ORDER IN WHICH THEY ARE FIRST MENTIONED IN THE TEXT.

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APPLICATION TO ORGANIZE A NATIONAL BANK

———, 190—

To the Comptroller of the Currency,
Washington, D. C.

Sir: Notice is hereby given that we, the undersigned, being natural persons, and of lawful age, intend, with others, to organize a National Banking Association, under the title of "The ——," to be located at ——, County of ——, State of ——, with capital of $ ——, to succeed the —— bank of ——.

We request that the title be reserved for a period of sixty days and the necessary organization papers and instructions sent to —— at ——.

[This application must be signed by at least five prospective shareholders, and indorsed as indicated.]

Signatures of Applicants.	Residences.	Business.	Financial Strength, in Figures.
.....	.....	.....	.....
.....	.....	.....	.....
....	.....	.....	.....

The signers of this application are known to be reputable citizens, and the foregoing information in reference to their business and financial standing is, in my opinion, correct.

*_____

* Signature of Member of Congress, judge of court, or other prominent public official.

ARTICLES OF ASSOCIATION

For the purpose of organizing an association to carry on the business of banking, under the laws of the United States, the undersigned subscribers for the stock of the Association hereinafter named do enter into the following Articles of Association :

First. The title of this Association shall be "The ——."

(Care should be taken to state exact title, including name of City, but not of State.)

Second. The place where its banking house or office shall be located, and its operations of discount and deposit carried on, and its general business conducted, shall be ——

Third. This section may be worded in any one of four ways :

1st.—The Board of Directors shall consist of —— shareholders. The first meeting of the shareholders for the election of directors shall be held at —— on the —— or at such other place and time as a majority of the undersigned shareholders may direct.

2d.—The Board of Directors shall consist of not less than (insert minimum number) and not more than (insert maximum number) shareholders. The number of directors elected at each annual meeting shall constitute the board for the year, all vacancies to be filled in accordance with the provisions of Section 5148. The first meeting of the shareholders for the election of directors shall be held at —— on the —— or at such other place and time as a majority of the undersigned shareholders may direct.

3d.—The Board of Directors shall consist of —— shareholders and the following persons (here insert their names) are hereby appointed directors of this Association, to hold

their offices as such until the regular election takes place pursuant to the fourth article of these Articles of Association and until their successors are chosen and have qualified.

4th.—The Board of Directors shall consist of not less than (insert minimum number) and not more than (insert maximum number) shareholders, and the following named persons (here insert their names) are hereby appointed directors of this Association, to hold their offices as such until the regular annual meeting takes place pursuant to the fourth article of these Articles of Association and until their successors are chosen and have qualified.

It will be noted that when the directors are named in the Articles of Association, it is unnecessary to provide for holding a meeting for the election of directors.

Section 5148 referred to in forms 2 and 4 of the foregoing provides that vacancies in the board shall be filled by appointment by the remaining directors and any director so appointed shall hold his place until the next election.

Fourth. The regular annual meetings of the shareholders for the election of Directors shall be held at the banking house of this Association on the second Tuesday of January of each year; but if no election shall be held on that day, it may be held on any other day, according to the provisions of Section 5149 of the Revised Statutes of the United States, and all elections shall be held according to such regulations as may be prescribed by the Board of Directors, not inconsistent with the provisions of the National Banking Law, and of these articles.

Fifth. The capital stock of this Association shall be —— thousand dollars, divided into shares of one hundred dollars each; but the capital may, with the approval of the Comptroller of the Currency, be increased at any time by share-

holders owning two-thirds of the stock, according to the provisions of an act of Congress approved May 1, 1886; and in case of the increase of the capital of the Association, each shareholder shall have the privilege of subscribing for such number of shares of the proposed increase of the capital stock as he may be entitled to according to the number of shares owned by him before the stock is increased.

Sixth. The Board of Directors, a majority of whom shall be a quorum to do business, shall elect one of its members President of this Association, who shall hold his office (unless he shall be disqualified, or be sooner removed by a two-thirds vote of all the members of the Board) for the term for which he was elected a Director. The Directors shall have power to elect a Vice-President, who shall also be a member of the Board of Directors, and who shall be authorized, in the absence or inability of the President from any cause, to perform all acts and duties pertaining to the office of President except such as the President only is authorized by law to perform, and to elect or appoint a Cashier, and such other officers and clerks as may be required to transact the business of the Association; to fix the salaries to be paid to them, and continue them in office, or to dismiss them as, in the opinion of a majority of the Board, the interests of the Association may demand.

The Directors shall have power to define the duties of the officers and clerks of the Association, to require bonds from them, and to fix the penalty thereof; to regulate the manner in which elections of Directors shall be held, and to appoint judges of the elections; to make all by-laws that it may be proper for them to make not inconsistent with law, for the

general regulation of the business of the Association and the management of its affairs, and generally to do and perform all acts that it may be legal for a Board of Directors to do and perform under the Revised Statutes aforesaid.

Seventh. This Association shall continue for the period of twenty years from the date of the execution of its Organization Certificate, unless sooner placed in voluntary liquidation by the act of its shareholders, owning at least two-thirds of its stock, or otherwise dissolved by authority of law.

Eighth. These Articles of Association may be changed or amended at any time by shareholders owning a majority of the stock of the Association, in any manner not inconsistent with law; and the Board of Directors, or any three shareholders, may call a meeting of the shareholders for this or any other purpose, not inconsistent with law, by publishing notice thereof for thirty days in a newspaper published in the town, city, or county where the Bank is located, or by mailing to each shareholder notice in writing thirty days before the time fixed for the meeting.

In WITNESS WHEREOF, we have hereunto set our hands this —— day of —— 190 .

_____

_____

I CERTIFY that these Articles of Association are executed in duplicate; that one of the instruments so executed is the foregoing, and that the other, alike in all respects, is on file with said Bank.

(To be signed by President or Cashier.) —— 190.

ORGANIZATION CERTIFICATE

We, the undersigned, whose names are specified in article fourth of this Certificate, having associated ourselves for the purpose of organizing an Association for carrying on the business of banking, under the laws of the United States, do make and execute the following Organization Certificate :

First. The title of the Association shall be "The——."

(Insert exact title of bank, including the name of town, but not that of State.)

Second. The said Association shall be located in the —— of ——, County of ——, and State of ——, where its operations of discount and deposit are to be carried on.

(In giving the name of the proposed location of the bank, indicate whether the place is a "Village," "Town," or "City." Also give the names of County and State.)

Third. The Capital Stock of this Association shall be —— dollars ($ ——), and the same shall be divided into —— shares of one hundred dollars each.

(In this section care should be taken to give both the amount of capital of the bank and the number of shares into which this capital is divided.)

Fourth. The name and the residence of each shareholder of this Association, with the number of shares held, are as follows :

	Name.	Residence.	No. of Shares.
1	.....	.....	.....
2	.....	.....	.....
3	.....	.....	.....

Insert the names of *all* shareholders, their residences, the number of shares held by each shareholder, and the total number of shares. (The names, etc., of *all* the shareholders must appear on this page.)

Fifth. This Certificate is made in order that we may avail ourselves of the advantages of the aforesaid laws of the United States.

In witness whereof, we have hereunto set our hands, this —— day of ——, 190—.

1	.....
2	.....
3	.....

(Those that have signed the articles of association are required to sign on this page, and they must do so in their own handwriting. They must also make acknowledgment on the following page.)

State of _____ }
} *ss:*
County of _____ }

Before the undersigned, a —— of ——, personally appeared

_____

_____

to me well known, who severally acknowledged that they executed the foregoing Certificate for the purposes therein mentioned.

Witness my hand and seal of Office this
—— day of —— 190—.

Official Seal of Officer.

FORM OF STOCK CERTIFICATE

_____ National Bank

No. —— ——Shares.

Be it known that —— entitled to —— Shares of One Hundred Dollars each, in the Capital Stock of the —— Bank of —— transferable only on the books of the Bank by the said—— or —— Attorney on surrender of this Certificate.

New York. ——— 190—

—— Cashier. Seal —— President.

JOINT OATH OF DIRECTORS

State of _____ } ss :
County of _____ }

We, the undersigned Directors of "The——of——," in the State of ——, being citizens of the United States, and residents of the State of ——, do, each for himself, and not one for the other, solemnly swear that we will severally, so far as the duty devolves on us, diligently and honestly administer the affairs of said Association; and that we will not knowingly violate, or willingly permit to be violated, any of the provisions of the Statutes of the United States under which said Association has been organized; and, each for himself, does solemnly swear that he is the owner in good faith, and in his own right, of the number of shares of stock required by said Statutes, subscribed by him or standing in his name

on the books of the said Association; and that the same is not hypothecated, or in any way pledged as security for any loan or debt.

Name. (Original signatures necessary.)	Place of Residence.
1.....	.....
2.....	.....

Subscribed and Sworn to this —— day of —— 190—, before the undersigned, a —— in and for said county.

Official Seal of Officer.

Notary Public.

OATH OF DIRECTOR

State of _____ } ss:
County of _____ }

I, the undersigned, Director of the —— of ——, in the State of ——, being a citizen of the United States, and resident of the State of ——, do solemnly swear that I will, so far as the duty devolves on me, diligently and honestly administer the affairs of said Association; that I will not knowingly violate, or willingly permit to be violated, any of the provisions of the Statutes of the United States under which this Association has been organized; and that I am the

owner, in good faith and in my own right, of the number of shares of stock required by said Statutes, subscribed by me or standing in my name on the books of the said Association; and that the same is not hypothecated, or in any way pledged as security for any loan or debt.

Place of Residence: ——

Subscribed and Sworn to this —— day of ——, 190—, before the undersigned, a —— in and for said county.

Official Seal of Officer.

Notary Public.

GENERAL FORM OF BY-LAWS OF NATIONAL BANKS

BY-LAWS OF THE (HERE INSERT THE TITLE OF THE BANK) ORGANIZED UNDER THE NATIONAL-BANKING LAWS OF THE UNITED STATES

ELECTIONS

SECTION 1. The regular annual meetings of the shareholders of this bank for the election of directors shall be held at its banking-house on the second Tuesday of January of each year, between the hours of 10 and 4 of said day. It shall be the duty of the board of directors, within one month prior to the time of said election, to appoint three shareholders to be judges of said election, who shall hold and conduct the same,

and who shall, after the election has been held, notify under their hands the cashier of this bank of the result thereof and the names of the directors-elect.

SEC. 2. The cashier, upon receiving the returns of the judges of the elections as aforesaid, shall cause the same to be recorded upon the minute-book of the bank, and shall notify the directors-elect of their election, and of the time at which they are required to meet at the banking-house of the bank for the purpose of organizing the new board. If at the time fixed for the meeting of the directors-elect there is not a quorum in attendance, the members present may adjourn from time to time until a quorum is secured; and no business shall be transacted prior to qualifying by taking the oath of office as prescribed by law.

SEC. 3. If, for any cause, the annual election of directors is not held on the date fixed in the articles of association, the directors in office shall order an election to be held on some other day, of which special election notice shall be given in accordance with the requirements of section 5149, United States Revised Statutes, judges appointed, returns made and recorded, and the directors-elect notified, according to the provisions of sections one and two of these by-laws.

OFFICERS

SEC. 4. The officers of this bank shall be a president, vice-president (who shall be members of the board of directors), cashier, and such other officers as may be from time to time required for the prompt and orderly transaction of its business, to be elected or appointed by the board of directors, by whom their several duties shall be prescribed.

Sec. 5. The president shall hold his office for the current year for which the board of which he shall be a member was elected, unless he shall resign, become disqualified, or be removed; and any vacancy occurring in the office of president or in the board of directors shall be filled by the remaining members.

Sec. 6. The cashier and the subordinate officers and clerks shall be appointed to hold their offices, respectively, during the pleasure of the board of directors.

Sec. 7. The cashier of this bank shall be responsible for all the moneys, funds, and valuables of the bank, and shall give bond, with security to be approved by the board, in the penal sum of —— dollars, conditioned for the faithful and honest discharge of his duties as such cashier, and that he will faithfully apply and account for all such moneys, funds, and valuables, and deliver the same to the order of the board of directors of this bank, or to the person or persons authorized to receive them.

Sec. 8. The president of this bank shall be responsible for all such sums of money and property of every kind as may be intrusted to his care or placed in his hands by the board of directors or by the cashier, or otherwise come into his hands as president, and shall give bond, with security to be approved by the board, in the penal sum of —— dollars, conditioned for the faithful discharge of his duties as such president, and that he will faithfully and honestly apply and account for all sums of money and other property of this bank that may come into his hands as such president, and pay over and deliver the same to the order of the board of directors, or to any other person or persons authorized by the board to receive the same.

Sec. 9. The teller shall be responsible for all such sums of money, property, and funds of every description as may, from time to time, be placed in his hands by the cashier, or otherwise come into his possession as teller; and shall give bond, with security to be approved by the board, in the penalty of —— dollars, conditioned for the honest and faithful discharge of his duties as teller, and that he will faithfully apply, account for, and pay over all moneys, property, and funds of every description that may come into his hands by virtue of his office as teller, to the order of the board of directors aforesaid, or to such person or persons as may be authorized to demand and receive the same.

SEAL

Sec. 10. The following is an impression of the seal adopted by the board of directors of this bank:

Impression of Seal.

CONVEYANCE OF REAL ESTATE

Sec. 11. All transfers and conveyances of real estate shall be made by the association, under seal, in accordance with the orders of the board of directors, and shall be signed by the president or cashier.

INCREASE OF STOCK

Sec. 12. Whenever an increase of stock shall be determined upon, in accordance with law, it shall be the duty of the board to notify all the shareholders of the same, and to

cause a subscription to be opened for such increase of capital. In the increase of capital each shareholder shall have the privilege of subscribing for such number of shares of the new stock as he may be entitled to subscribe for, according to his existing stock in the bank. If any shareholder fails to subscribe for the amount of stock to which he may be entitled, the board of directors may determine what disposition shall be made of the privilege of subscribing for the unsubscribed stock.

BUSINESS OF THE BANK

SEC. 13. This bank shall be opened for business from —— o'clock A.M. to —— o'clock P.M. of each day of the year, excepting Sundays and days recognized by the laws of this State as holidays. When any regular weekly meeting of the board of directors falls upon a holiday, the meeting shall be held upon such other day as the board may previously designate.

SEC. 14. The regular meetings of the board of directors shall be held on the (here insert time of meetings). Special meetings may be called by the president, cashier, or at the request of three or more directors, and should there be no quorum at any regular or special meeting, the members present may adjourn from day to day until a quorum is in attendance. In the absence of a quorum no business shall be transacted.

SEC. 15. There shall be a committee, to be known as the discount committee, consisting of the president, cashier, and directors, appointed by the board every —— months, to continue to act until succeeded, who shall have power to dis-

count and purchase bills, notes, and other evidences of debt, and to buy and sell bills of exchange; and who shall, at each regular meeting of the board of directors, make a report of all bills, notes and other evidences of debt discounted and purchased by them for the bank since their last previous report.

MINUTE BOOK

Sec. 16. The organization papers of this bank, the returns of the judges of the elections, the proceedings of all regular and special meetings of the directors and of the shareholders, the by-laws and any amendments thereto, and reports of the committees of directors shall be recorded in the minute book; and the minutes of each meeting shall be signed by the president and attested by the cashier.

TRANSFERS OF STOCK

Sec. 17. The stock of this bank shall be assignable and transferable only on the books of this bank, subject to the restriction and provisions of the national banking laws; and a transfer book shall be provided in which all assignments and transfers of stock shall be made.

Sec. 18. Transfers of stock shall not be suspended preparatory to the declaration of dividends; unless an agreement to the contrary shall be expressed in the assignments, dividends shall be paid to the shareholders in whose name the stock shall stand at the date of the declaration of dividends.

Sec. 19. Certificates of stock, signed by the president and cashier, may be issued to shareholders, and the certificate shall state upon the face thereof that the stock is trans-

ferable only upon the books of the bank; and when stock is transferred, the certificates thereof shall be returned to the bank and cancelled, and preserved, and new certificates issued.

EXPENSES

SEC. 20. All the current expenses of the bank shall be paid by the cashier, who shall every six months, or oftener if required to do so, make to the board a detailed statement thereof.

CONTRACTS

SEC. 21. All contracts, checks, drafts, etc., and all receipts for circulating notes received from the Comptroller of the Currency, shall be signed by the president or cashier.

EXAMINATIONS

SEC. 22. There shall be appointed by the board of directors a committe of —— members, whose duty it shall be to exercise a supervision of the business of the bank, and to examine every three months the affairs of the bank, count its cash, and compare its assets and liabilities with the accounts of the general ledger, ascertain whether the accounts are correctly kept and the condition of the bank corresponds therewith, and whether the bank is in a sound and solvent condition; and to recommend to the board such changes in the manner of doing business, etc., as shall seem to be desirable; the result of which examination shall be reported in writing to the board at the next regular meeting thereafter.

SEC. 23. The board of directors shall have power to change the form of the books and accounts when deemed expedient, and define the manner in which the affairs of the bank shall be conducted.

QUORUMS

SEC. 24. A majority of all the directors is required to constitute a quorum to do business.

SEC. 25. These by-laws may be changed or amended by the vote of two-thirds of the directors.

OFFICIAL SIGNATURES

Official signatures of the President, Vice-President, Cashier, and Assistant Cashier of "The —— National —— Bank of ——" appointed at a meeting of the Board of Directors held on the —— day of ——, 190—.

[Original signatures necessary.]

Seal of Bank.

_____ President.

_____ Vice-President.

_____ Vice-President.

_____ Vice-President.

_____ Cashier.

_____ Assistant Cashier.

_____ Assistant Cashier.

IMPORTANT

This paper will be returned for correction unless these directions are followed: (1) The signatures of the Vice-President and Assistant Cashier must be given, if you have such officers, in addition to those of President and Cashier. (2) Write the word "none" where the office is vacant. (3) Affix the seal of the bank in the place designated. (4) Fill in the title of the bank, and be careful to insert date of appointment of officers. (5) Properly indorse and promptly forward this paper to the Comptroller of the Currency.

CERTIFICATE OF PAYMENT OF FIRST INSTALMENT OF CAPITAL STOCK

It is hereby certified, as required by section 5140 of the Revised Statutes of the United States, that of the authorized capital stock of $——, of The —— National Bank of ——, ——, organized in conformity with the provisions of the banking laws of the United States authorizing the organization of national banking associations, the first instalment, amounting to $——, has been paid in cash.

_____, President.

or

_____, Cashier.

State of _____ }
County of _____ } *ss :*

Subscribed and sworn to before the undersigned, a —— of the said county, this —— day of ——, 190—.

Seal.

_____

(Official title)_____

CERTIFICATE OF PAYMENT OF CAPITAL STOCK

The —— Bank
_____

_____, 190—.

To the Comptroller of the Currency,
Washington, D. C.

Sir: It is hereby certified that the —— instalment, —— dollars ($——), has been paid in on account of the Capital Stock of The ——, the certification of payments to date being as follows:

First instalment	(at organization).....	$.....
Second	"	.....
Third	"	.....
Fourth	"	.....
Fifth	"	.....
Sixth	"	.....
	Total.....	.....

_____
Cashier.

State of _____
County of _____ } *ss:*

Subscribed and sworn to before the undersigned —— of the said County, this —— day of ——, 190—.

Official Seal of Officer.

_____

Do not include in certificate a fraction of a dollar.

CHARTER

TREASURY DEPARTMENT

OFFICE OF COMPTROLLER OF THE CURRENCY:

Washington, D. C., —— 190—.

WHEREAS, by satisfactory evidence presented to the undersigned, it has been made to appear that —— in the —— of —— in the County of —— and State of —— has complied with all the provisions of the Statutes of the United States, required to be complied with before an association shall be authorized to commence the business of Banking:

NOW THEREFORE I, —— Comptroller of the Currency, do hereby certify that —— in the —— of —— in the County of —— and State of —— is authorized to commence the business of Banking as provided in Section Fifty-one hundred and sixty-nine of the Revised Statutes of the United States.

IN TESTIMONY WHEREOF witness my hand and Seal of office this —— day of —— 190

Comptroller of the Currency.

OATH OF PUBLICATION

State of_____ }
} *ss:*
County of_____ }

Cut the printed notice from the newspaper and attach here.

_____

being first duly sworn, deposes and says that he is the publisher of —— a —— newspaper published in the —— of —— County of ——, State of —— and that the annexed advertisement of the Comptroller's certificate authorizing the —— to begin the business of banking has appeared in each issue of said paper for a period of at least sixty days, beginning the —— day of ——, and ending the —— day of —— 190—.

Forward notice to Comptroller of Currency as promptly as possible.

_____

Subscribed and sworn to before me, a —— in and for the State and County aforesaid, this —— day of ——, 190—.

_____

Seal of Officer.

_____

STOCKHOLDERS' PROXY

KNOW ALL MEN BY THESE PRESENTS

That —— of —— do hereby constitute and appoint —— and —— of —— or either of them, —— attorneys or attorney, and agents or agent for ——, and in —— name, place and stead, to vote, as —— proxy, at —— Meeting of Shareholders of the —— Bank of ——, to be held at its Banking House, No. —— Street, in the City of ——, on the —— —— of ——, 190–, between the hours of —— and —— o'clock, and at any adjourned meeting of the said Shareholders, for the —— and the transaction of such other business as may be brought before the said meeting, according to the number of votes that —— should be entitled to vote if then personally present, with full power of substitution and revocation to each of —— said attorneys, hereby ratifying and confirming all that —— said attorneys or attorney, or their or his substitutes or substitute, shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, —— have hereunto set—— hand and seal this —— day of —— 190—.

Seal.

Sealed and delivered in presence of } ——————————

CONVERSION OF STATE BANKS

AUTHORITY FOR CONVERSION OF STATE BANK

We, the undersigned stockholders of The —— located in the ——, county of ——, State of ——, having a capital of —— dollars, do hereby authorize and empower the Directors thereof to change and convert said bank into a National Banking Association under the provisions of section 5154 of the Revised Statutes of the United States, or of acts amendatory thereof; and we do also authorize the said Directors, or a majority thereof, to make and execute the Articles of Association and Organization Certificate required to be made or contemplated by said Statutes; and also to make and execute all other papers and certificates, and to do all acts necessary to convert the said bank into a National Banking Association, and to do and perform all such acts as may be necessary to transfer the assets of every description and character of the said State Bank to the National Banking Association into which it is to be converted, so that the said conversion may be absolute and complete; and we do hereby assume, and authorize the said Directors to assume, as the name of the National Banking Association into which the said State Bank is to be converted, "The ——;" and we do hereby appoint ——, who are now the Directors of the said State Bank, to be the Directors of the said National Bank, to

hold their offices as such Directors until the regular annual election of Directors is held, pursuant to the provisions of said Revised Statutes, and until their successors are chosen and qualified; and we do hereby authorize the said Directors of the said National Bank to continue in office the officers of the said State Bank, or to appoint or elect others, as to them may seem best.

In Witness Whereof, we have hereunto set our hands and written against our names the number of shares owned by us, respectively, this —— day of —— A.D. 190—.

Signatures of Stockholders.	No. of Shares Owned by Each.
.....	.....
.....	.....
.....	.....

APPLICATION TO CONVERT A STATE BANK INTO A NATIONAL BANKING ASSOCIATION

——, 190—.

To the Comptroller of the Currency,

Washington, D. C.

Sir: Notice is hereby given that we, the undersigned, being a majority of the board of directors of "The ——,"

having a paid-in and unimpaired capital of $ ——, intend to convert the said bank into a National Banking Association, in accordance with the provisions of Section 5154 of the Revised Statutes of the United States, under the title "The ——," to be located at ——, County of ——, State of ——, with capital of $——.

We request that the title be reserved for a period of sixty days and the necessary conversion papers and instructions sent to —— at ——

Signatures of Directors.	Residences.
.....	.....
.....	.....
.....	.....

ARTICLES OF ASSOCIATION

We, the undersigned, Directors of the ——, having been authorized by the owners of two-thirds of the Capital Stock of said Bank to change and convert the said Bank into a National Banking Association, under the provisions of Section 5154 of the Revised Statutes of the United States, or of acts amendatory thereof, and to execute Articles of Association, do hereby, in our own behalf, and in behalf of the

Stockholders whom we represent, make and execute the following Articles of Association:

First. The title of the Association into which the said State Bank is to be changed and converted shall be "The ——."

(Care should be taken to state exact title, including name of City, but not of State.)

The remaining articles may be in the same form as the Articles of Association given on page 136.

ORGANIZATION CERTIFICATE

We, the undersigned, Directors of The ——, having been duly authorized by the owners of two-thirds of its capital stock to change and convert said Bank into a National Banking Association, and to make the necessary Organization Certificate, under the provisions of Section 5154 of the Revised Statutes of the United States, or of acts amendatory thereof, do sign and execute the following Organization Certificate, which we hereby declare we are authorized to make by the owners of two-thirds of the capital stock of the said State Bank.

First. The title of this Association shall be "The ——."

(Insert exact title of bank, including the name of town, but not that of State.)

Second. The said Association shall be located and continued in the —— of ——, County of —— and State of

——, where its operations of discount and deposit are to be carried on.

(In giving the name of the proposed location of the bank, indicate whether the place is a "Village," "Town," or "City." Also give the names of County and State.)

Third. The capital stock of this Association shall be —— dollars ($——), divided into —— shares of —— dollars each, as it is now divided in the said State Bank.

(In this section care should be taken to give both the amount of capital of the bank and the number of shares into which this capital is divided.)

Fourth. The name and residence of each of the stockholders of the said State Bank, which is to become a National Bank under the provisions of the Revised Statutes aforesaid, and the number of shares of —— dollars each, held by each stockholder, are as follows:

Name.	Residence.	No. of Shares.
.....	.....	.....
.....	.....	.....
.....	.....	.....

Fifth. The certificate is made in order that the said State Bank and the stockholders thereof, may avail themselves of the advantages of the aforesaid Revised Statutes, and that the said State Bank may be changed and converted

into a National Banking Association, under the foregoing title.

In witness whereof, we have hereunto set our hands this —— day of ——, nineteen hundred and ——.

.....

.....

(The signature of the directors on this page.)

State of_____ } ss :
County of_____ }

Before the undersigned, a —— of ——, personally appeared.....

.....

Directors of the aforesaid State Bank, to me well known, who severally acknowledged that they executed the foregoing Certificate for the purposes therein mentioned.

Witness my hand and seal of office this —— day of ——, 190—.

Official Seal of Officer.

_____

_____

_____

CERTIFICATE RELATIVE TO PAYMENT OF CAPITAL STOCK OF STATE BANK CONVERTING INTO NATIONAL BANK

It is hereby certified, that The —— Bank —— of ——, ——, which is to be converted into "The —— National —— Bank of ——," in conformity with the provisions of

section 5154 of the Revised Statutes of the United States, authorizing the conversion of "any bank incorporated by special law or any banking institution organized under a general law of any State," has a paid-in and unimpaired capital of $ ——.

_____, President.

or

_____, Cashier.

State of_____ }
County of_____ } *ss:*

Subscribed and sworn to before the undersigned, a —— of the said county, this —— day of ——, 190—.

Seal.

_____

(Official title)_____

CIRCULATION

RESOLUTIONS AUTHORIZING WITHDRAWAL OF ONE ISSUE OF BONDS AND SUBSTITUTION OF ANOTHER

———,

———, 19—

At a meeting of the board of directors of the —— Bank of ——, held at their banking house ——, 19—, the following resolutions were adopted :

"Resolved, That the Comptroller of the Currency be, and is hereby, authorized to withdraw $—— U. S. bonds, Act of ——, ——, deposited with the Treasurer of the United States to secure circulation, and to substitute therefor $—— U. S. bonds, Act of ——, ——.

"Resolved, That the —— be, and is hereby, authorized to sell, assign, and transfer the said $—— U. S. bonds, Act of ——, ——, and to appoint one or more attorneys for that purpose."

I hereby certify that the above is a true extract from the minutes of said meeting.

———————,

Cashier, and Secretary of the Board of Directors.

Seal of Bank.

ORIGINAL ORDER FOR PLATES AND CIRCULATION

Charter No. ——.

——————NATIONAL——————BANK OF——————

——————.

TO THE COMPTROLLER OF THE CURRENCY.

SIR: You are requested to have plates engraved for this bank, the cost to be paid upon demand, and circulating notes printed therefrom as follows:

Cost of plates.	No. of sheets ordered.	Denominations on sheets.	Value per sheet.	Amount of circulation.
$75		$5, $5, $5, $5	$20	$
75		$10, $10, $10, $20	50	
50		$50, $100	150	
		Total.....	.....	

Respectfully,

——— ———,

Cashier.

SUPPLEMENTARY ORDER FOR CIRCULATION

Charter No.—— ———,
———.

To the Comptroller of the Currency.

Sir: You are requested to have printed for this bank circulating notes in blank to the amount of —— dollars, and of the following denominations:

No. of Sheets.	Plates.	Amount.
	Sheets, $5, $5, $5, $5.. ($20 per sheet) Sheets, $10, $10, $10, $20 ($50 per sheet) Sheets, $50, $100.....($150 per sheet)	$
	Total.....	

Respectfully,

———,
Cashier.

SEMI-ANNUAL RETURN OF CIRCULATION SUBJECT TO DUTY

Return of the average amount of Notes of the —— National —— Bank of ——, State of ——, in circulation for the Six Months next preceding the first day of ——, 190 , with the duty thereon, made pursuant to the provisions of Section 5215, Revised Statutes of the United States, and the act of March 14, 1900, in order to enable the Treasurer of

the United States to assess the duty on circulation imposed by Section 5214 of said statutes, as amended by Section 1 of "An act to reduce internal-revenue taxation and for other purposes," approved March 3, 1883, and the said act of March 14, 1900.

Amount of Circulating Notes received from the Comptroller of the Currency..... $——

Average amount of Notes in circulation for the period based on U. S. two per cent Consols of 1930..... $——

Duty on Average amount of Notes in circulation based on U. S. two per cent Consols of 1930, at one-fourth of one per cent..... $——

Average amount of Notes in circulation for the period based on any or all other U. S. Bonds..... $——

Duty on Average amount of Notes in circulation based on all other U. S. Bonds at one-half of one per cent..... $——

Total amount of duty..... $——

I, ———, of the above-named National Bank, do solemnly swear that the above is a true statement of the Average amount of the Notes of said Bank in circulation for the time named.

Subscribed and sworn to before me this —— day of ——, 190 .

STATEMENT OF BONDS OF NATIONAL BANKS HELD FOR SECURITY OF CIRCULATION AND PUBLIC MONEY

Organization No.——

The following Statement of the United States Bonds held by the Treasurer of the United States in trust for the —— National —— Bank of —— on the —— day of——, 190 , as shown by books of the said Association, is furnished for use in the examination and comparison of said Bonds required to be made annually by Section 5166 of the Revised Statues of the United States :

Kinds of Bonds.	Amount of Bonds Held for Security of Circulating Notes.		Amount of Bonds Held for Security of Public Money.	
2 per cent Consols of 1930				
3 per cent Loan of 1908–1918				
4 per cent Funded Loan of 1907				
4 per cent Loan of 1925				
5 per cent Loan of 1904				
Total				

Correct, as to Bonds held for Security of Circulating Notes.

For Comptroller of the Currency.

Cashier.

BANK RESERVES

FORMS FOR CALCULATING RESERVE

☞ Bank Directors should bear in mind that Section 5191, U. S. Revised Statutes, forbids a Bank to increase its liabilities by new loans or discounts, or to declare any dividend when its Reserve is below the legal requirement.

FORM A.—CALCULATION OF THE LAWFUL MONEY RESERVE OF NATIONAL BANKS LOCATED IN RESERVE CITIES AND CENTRAL RESERVE CITIES.

No. of Bank _____ Report of the state of lawful money reserve of the _____

Located at _____, State of _____, at _____ o'clock _____ m.,

_____, 190

N B.—If this accompanies a Report of Condition it should be signed by _____, *Cashier*

If it accompanies a Report of Examination it should be signed by _____, *Examiner*

ITEMS ON WHICH RESERVE IS TO BE COMPUTED.

LIABILITIES.

Should the aggregate "Due from" exceed the aggregate "Due to" Banks, both items must be omitted from the calculation

Due to National Banks			
Due to State Banks and Bankers			
Due to Trust Companies, etc			
LESS—			
Due from other National Banks			
Due from State Banks and Bankers			
Dividends unpaid			
Individual Deposits			
United States Deposits			
Deposits of U. S. Disbursing Officers			
Gross amount			

DEDUCTIONS ALLOWED.

Checks on other Banks in the same place			
Exchanges for Clearing House			
National Bank Notes			
Twenty-five per cent of this total amount is the entire Reserve required, which is			
Deduct 5 per cent Redemption Fund with Treasurer U. S.			
Net Reserve to be held			

ITEMS COMPOSING THE NET RESERVE AND THE DISTRIBUTION OF THE SAME.

One-half of the Net Reserve is			
Items making up the same may consist of * Balances with following approved Reserve Agents, viz:			
Excess with Reserve Agents			
Deficiency with Reserve Agents			

One-half of the Net Reserve is			
Items in Bank's possession to make up the same, viz			
Fractional Silver			
Silver Dollars			
Silver Treasury Cert's.			
Gold Coin			
Gold Treasury Cert's.			
Legal-Tender Notes			
U. S. Cert's of Deposit for Legal-Tenders			
U. S. Cert's for Coin and Legal-Tenders			
Excess in items held by the Bank			
Deficiency in items held by the Bank			

RECAPITULATION

Excess in the entire Reserve held, $ _____ Deficiency in the entire Reserve held, $ _____

* If reciprocal accounts are kept with reserve agents, only the net amount due from such agents is available for reserve.

N. B.—Banks in New York City and in cities becoming Central Reserve Cities under the act of March 3, 1887, must keep the whole net Reserve required, when ascertained as above, in their own possession.

Bank officers will always insert in their Reports of Condition one of these forms properly filled in, and Bank Examiners will do the same in their Reports of Examination.

☞ Bank Directors should bear in mind that Section 5191, U. S. Revised Statutes, forbids a Bank to increase its liabilities by new loans or discounts, or to declare any dividend when its reserve is below the legal requirement.

FORM B.—CALCULATION OF THE LAWFUL MONEY RESERVE OF NATIONAL BANKS LOCATED ELSEWHERE THAN IN RESERVE CITIES AND CENTRAL RESERVE CITIES.

No. of Bank _____ Report of the state of lawful money reserve of the _____

Located at _____, State of _____, at ___ o'clock ___ m.,

_____, 190

N B.—If this accompanies a Report of Condition it should be signed by _____, *Cashier*

If it accompanies a Report of Examination it should be signed by _____, *Examiner*.

ITEMS ON WHICH RESERVE IS TO BE COMPUTED.

LIABILITIES.

Should the aggregate "Due from" exceed the aggregate "Due to" Banks both items must be omitted from the calculation.

Due to National Banks.....
Due to State Banks and Bankers ..
Due to Trust Companies, etc... ..
Due to approved Reserve Agents .

Less—

Due from other National Banks. .
Due from State Banks and Bankers

Dividends unpaid .....
Individual Deposits .....
United States Deposits .....
Deposits of U S. Disbursing Officers .....

Gross amount .....

DEDUCTIONS ALLOWED.

Checks on other Banks in the same place.....
Exchanges for Clearing House.....
National Bank Notes .....

Fifteen per cent of this amount ☞ is the entire Reserve required, which is.....
Deduct 5 per cent Redemption Fund with Treasurer U S. .....
Net Reserve to be held.....

ITEMS COMPOSING THE NET RESERVE AND THE DISTRIBUTION OF THE SAME.

Three-fifths of the Net Reserve is. .....

Items making up the same may consist of * Balances with following approved Reserve Agents, viz

.....
.....
.....
.....
.....
.....
.....
.....

Excess with Reserve Agents ....
Deficiency with Reserve Agents.... ..

Two-fifths of the Net Reserve is.....

Items in Bank which may lawfully make up the same, viz·

Fractional Silver .....
Silver Dollars .....
Silver Treasury Cert's .
Gold Coin .....
Gold Treasury Cert's...
Legal-Tender Notes....
U. S. Cert's of Deposit for Gold.....
U. S. Cert's for Coin and Legal-Tenders.

Excess in the two-fifths Reserve held ....
Deficiency in the two-fifths Reserve held..

RECAPITULATION.

Excess in the entire Reserve held, $ _____ Deficiency in the entire Reserve held, $ _____

* If reciprocal accounts are kept with reserve agents, only the net amount due from such agents is available for reserve.

Bank officers will always insert in their Reports of Condition one of these forms properly filled in, and Bank Examiners will do the same in their Reports of Examination.

GOVERNMENT DEPOSITS

CERTIFICATE OF DEPOSIT

ORIGINAL

THE DEPOSITARY WILL FORWARD THIS, BY THE FIRST MAIL, TO THE SECRETARY OF THE TREASURY.

Form 1—National Banks.

No.

The National City Bank of New York,

New York, N. Y., ..., 190

I certify *that* .....

has this day deposited to the Credit of the TREASURER OF THE UNITED STATES

..... *Dollars,*

on account of .....

.....

for which I have signed triplicate receipts.

$

1—2705

Cashier.

DUPLICATE.

The depositor will send this by the first mail, to the Commissioner of Public Lands, if for School Funds; to the Commissioner of the General Land Office, if for Internal Revenue; to the Commissioner of Railroads, if for Railroad Funds; to the Treasurer U. S., if for Miscellaneous Fund; to Treasurer of Trades, if for Trades Fund.

Form 1—National Banks.

No.

The National City Bank of New York,

New York, N. Y., ..., 190

I certify *that* .....

has this day deposited to the Credit of the TREASURER OF THE UNITED STATES

..... *Dollars,*

on account of .....

.....

for which I have signed triplicate receipts.

$

1—2705

Cashier.

TRIPLICATE.

THE DEPOSITOR WILL RETAIN THIS FOR HIS OWN USE AND SECURITY.

Form 1—National Banks.

No.

The National City Bank of New York,

New York, N. Y., ..., 190

I certify *that* .....

has this day deposited to the Credit of the TREASURER OF THE UNITED STATES

..... *Dollars,*

on account of .....

.....

for which I have signed triplicate receipts.

$

1—2705

Cashier.

TRANSCRIPT OF ACCOUNT

Form 4.—National Banks.

{ Credit Receipts and Transfers in separate groups of entries, and extend the totals of each group, separately, to the total columns. Transfers include Money-Order Drafts and Collection of Drafts.

TRANSCRIPT No. ..... FOR PERIOD ENDED 190

Dr. *The Treasurer of the United States in account with the* ..... *National* ..... *Bank,* ..... *State of* ..... Cr.

190...	Warrant No.	Character of Warrant	TO WHOM PAID, ETC. (State always to whom transfers are paid.)	AMOUNTS.	190...	Certificate or Deposit No.	DEPOSITORS' NAMES AND OFFICIAL TITLES.	ON ACCOUNT OF— (Give full information as contained in the certificate. If one certificate covers two or more classes of deposits, state each class separately.)	AMOUNTS	TOTALS.
								By Balance from Transcript No.		$

The credit side of this Transcript is made up from two sources, which must be stated in such manner as to be clearly distinguishable, viz.:

RECEIPTS

REVENUES.—Deposits by Public Officers engaged in the receipt or collection of public moneys (except duties on imports), and by individuals on account of miscellaneous sources.

REPAYMENTS.—Moneys deposited by United States Disbursing Officers to the credit of Treasurer U. S., on account of appropriations, including Sales to Officers, etc., as provided in Section 3618, Revised Statutes of the United States, and Deposits made by Clerks of Courts and U. S. Marshals, of moneys recovered from defaulting Disbursing Officers (other than Postmasters), not including Fines, Penalties, Interest, and Costs from such Disbursing Officers.

TRANSFERS

Moneys charged to the account of the Treasurer U. S., in one office or National Bank Depositary, to be placed to his credit in some other office or National Bank Depositary, moneys deposited by Postmasters, under special instructions, on account of Surplus Money-Order Funds or Postal Revenues; Transfer Drafts drawn by the Postmaster General; moneys deposited for Silver Coin, and Checks or Drafts Remitted for Collection. Credit receipts and transfers in separate groups of entries, and extend the total of each group, separately, to the total column. (Transfers include Money-Order Funds and Collections.)

The debit side should show Warrants paid and Transfers made by the bank:

1. Charge no warrants until the indorsements are technically and legally perfect.

2. Every indorsement must be the genuine written (not printed, nor with lead pencil) signature of the person whose indorsement is required. If the name of the payee is incorrectly written on the face of the warrant, it should be returned to the Treasurer U. S. for correction, or be indorsed as drawn, and also with the payee's correct name. In case of an agent or attorney, a power of attorney, in accordance with Section 3477, Revised Statutes, should accompany the warrant.

3. Payees and indorsees must indorse by their own hands; officials, officially with full title; firms, the usual firm signature by a member of the firm, not by a clerk or other person for the firm.

4. Powers of attorney for indorsement of warrants, in payment of claims, must be dated subsequently to the warrants, must be witnessed by two persons, and be properly certified. (See Section 3477, Revised Statutes.)

5. Indorsements by executors or administrators must be accompanied by certified copies, under seal, of letters testamentary or letters of administration, as the case may be.

6. Indorsements by mark (+) must be witnessed by two persons who can write, giving their places of residence.

7. Evidence of authority to indorse for incorporated or unincorporated companies must accompany warrants drawn or indorsed to the order of such companies or associations. Such evidence should be in the form of an extract from the by-laws or records of the company or association, showing the authority of the officer to indorse, receive, and receipt for moneys for the company, and giving his name and the date of his election or appointment, which extract must be verified by a certificate under seal signed by the president and secretary, or one of these officers, and not less than two of the directors; which certificate must state that such authority remains unrevoked and unchanged. If the company have no seal, the extract should be certified as correct by a notary public or other competent officer under his seal. When a resolution is adopted at a special meeting of the directors, it must be shown that all had notice of the time and place of such meeting, and that a quorum assented to the resolution.

8. The indorsement of all the joint holders or cotrustees, executors, administrators, guardians, or other fiduciaries, will be required on warrants, and in the execution of a power to a third party to collect, all must join. In case of the death of either, the survivors will be recognized as having full authority, upon due proof of such death and survivorship.

Make no charges other than warrants and transfers (including remittances of currency for redemption and credit), without special authority from the Secretary's or Treasurer's Office.

WEEKLY REPORT OF DEPOSITS

(These lists must be rendered to the Secretary of the Treasury and Treasurer of the United States on Saturday of each week, and an additional set on the last day of each month, except when the month ends on Saturday.)

List of Balances standing to the Official Credit of Disbursing and other Officers of the United States on the books of the —— at the close of business on ——, the —— day of ——, 190—.

Rank.	Name.	Department or Branch of Service to which the Officer properly belongs.	Capacity in which the Officer is acting and disbursing money.	Amount on Deposit to the Officer's Official Credit.	
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

MONTHLY REPORT OF DEPOSITS

To_____

_____

Washington, D. C.

(A separate list should be rendered for the deposits of each officer for each account.)

List of Deposits made with the —— National Bank at ——, State of ——, to the credit of the Treasurer of the United States, for receipts on account of——, for the period ended——, 190—.

Date.	No. of C. D.	Depositor.	Amount.	Total.
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....

_____

_____

DAILY REPORT OF DEPOSITS

To be made out and forwarded at close of business each day.

(May report by postal card, form on next page, if preferred.)

National_____Bank,

_____, 190

Aggregate deposits to credit of Treasurer U. S. received this day . . . . $_____

Aggregate balance to credit of Disbursing Officers this day . . . . . $_____

PAYMENTS THIS DAY

Transfer of Deposits. . . . . $_____

Treasury Warrants . . . . . $_____

Counter Entries. . . . . $_____

_____

Cashier.

To Treasurer U. S.,
Washington, D. C.

DAILY REPORT OF DEPOSITS

_____ NATIONAL BANK,

Aggregate deposits to credit of Treasurer U. S. received this day, ... $_____

Aggregate balance to credit of Disbursing Officers this day, ... $_____

PAYMENTS THIS DAY

Transfer of Deposits, ... $_____

Treasury Warrants, ... $_____

Counter Entries, ... $_____

_____ Cashier.

To Treasurer U. S.,
Washington, D. C.

DATES FOR RENDERING TRANSCRIPTS

Treasury Department,
OFFICE OF THE
TREASURER OF THE UNITED STATES.

Washington, November 14, 1903.

The following is a list of the dates on which transcripts of accounts current should be rendered to the Secretary of the Treasury and the Treasurer of the United States during the year 1904:

January	9	16	23	30
February	6	13	20	29
March	5	12	19	31
April	9	16	23	30
May	7	14	21	31
June	4	11	18	30
July	9	16	23	30
August	6	13	20	31
September	10	17	24	30
October	8	15	22	31
November	5	12	19	30
December	10	17	24	31

NOTICE OF SHAREHOLDERS' MEETING

FORM OF NOTICE

THE ——— NATIONAL BANK OF ———

(Date.) ———

Dear Sir :—— Meeting of the Shareholders of this Bank, for the —— and the transaction of such other business as may be brought before it, will be held at its Banking House, No. —— Street, on —— at ——.

If unable to be personally present at the meeting, please sign and return in the inclosed envelope the attached proxy, duly witnessed.

Yours respectfully,

———————————

President.

(See page 156 for form of proxy.)

EXTENSION OF CORPORATE EXISTENCE

REQUEST FOR APPROVAL OF AMENDMENT OF THE ARTICLES OF ASSOCIATION, EXTENDING CORPORATE EXISTENCE OF NATIONAL BANK

———National———Bank———

———, 190—

To the Comptroller of the Currency,
Washington, D. C.

Sir: The Comptroller of the Currency is hereby requested to approve the inclosed amendment of the Articles of Association of this bank, extending its corporate existence for twenty years, pursuant to the Act of Congress entitled "An Act to enable National Banking Associations to extend their corporate existence, and for other purposes," approved July 12, 1882, or any amendment of said act, there being affixed to the inclosure the certificate required by law.

Respectfully,

_____

President or Cashier.

AMENDMENT OF ARTICLES OF ASSOCIATION OF NATIONAL BANK

_____NATIONAL_____BANK_____

In accordance with and in pursuance of the provisions of "An Act to enable National Banking Associations to extend their corporate existence, and for other purposes," approved July 12, 1882, we, the undersigned shareholders of "The ——," located at —— in the County of —— and State of —— owning the number of shares of the capital stock of said Association set opposite our respective names, aggregating not less than two-thirds of the stock of said Association, the total number of shares representing the capital stock of said National Banking Association being —— shares, do hereby consent and agree that the —— article of the Articles of Association of said National Banking Association be, and is hereby, amended to read as follows:

"This Association shall continue until close of business on ——, 19—, unless sooner placed in voluntary liquidation by the act of its shareholders owning at least two-thirds of its stock, or otherwise dissolved by authority of law."

In witness thereof, we, the undersigned, have hereto set our hands.

	Date of Signing.	Name.	Address.	Proxy.	No. of Shares.
1	.....	.....	.....	.....	.....
2	.....	.....	.....	.....	.....
3	.....	.....	.....	.....	.....

PROXY FOR USE IN EXTENDING CORPORATE EXISTENCE OF A NATIONAL BANK

Know all men by these presents, that I, ——, of ——, hereby constitute and appoint irrevocably —— my true and lawful attorney, for me and in my name and stead to sign all necessary papers in connection with the extension of the corporate existence of the ——, under the act of Congress approved July 12, 1882, or any amendment of said act, and I hereby consent that the —— article of the articles of association of the ——, be so amended as to read as follows:

"This association shall continue until close of business on ——, unless sooner placed in voluntary liquidation by the act of its shareholders owning at least two-thirds of its stock, or otherwise dissolved by authority of law."

I further grant unto my said attorney full power and authority to act in and concerning the premises as fully and effectually as I might do if personally present.

In witness whereof I have hereunto set my hand this —— day of ——, in the year one thousand nine hundred and ——.

_____.

Signed in presence of two witnesses:

_____.

_____.

AUTHORITY OF REPRESENTATIVE OF OTHER CORPORATION CONSENTING TO EXTENSION CORPORATE EXISTENCE OF NATIONAL BANK

_____, 190__

At a meeting of the —— of the —— of ——, held on the —— day of ——, 190—, it was —— Voted, That —— be, and he is hereby, appointed irrevocably as its attorney, with power of substitution, to consent to and sign, in its behalf, the amendment of the —— article of the Articles of Association of The —— National —— Bank——, said amendment reading as follows:

"This Association shall continue until close of business on —— unless sooner placed in voluntary liquidation by the act of its shareholders owning at least two-thirds of its stock, or otherwise dissolved by authority of law."

A true copy from the records.

Attest:

_____ [AFFIX SEAL.]

CERTIFICATE OF AMENDMENT

_____ NATIONAL _____ BANK _____

———, 190—

To the Comptroller of the Currency,
Washington, D. C.

Sir: I do hereby certify, in pursuance of the provisions of "An Act to enable National Banking Associations to extend their corporate existence, and for other purposes," approved July 12, 1882, that the amendment of the Articles of Association, to which this certificate is attached, of "The ——," and the consent thereto, in writing, was executed in duplicate by shareholders owning not less than two-thirds of the stock of said bank; and I do further certify that the signatures of the shareholders to said consent and amendment of the Articles of Association are the true and correct signatures of said shareholders or of their lawfully-appointed attorneys; and that one of the instruments so executed is the foregoing, and that the other, in all respects like the foregoing, is on file in said Bank.

I further certify that the said amendment to the Articles of Association of "The ——," was duly recorded upon the minute-book of said Association on the —— day of ——, 190—, and that the above certificate was certified under the seal of the Association in accordance with a resolution of its Board of Directors, duly adopted at a meeting of said Directors on the —— day of ——, 190—.

Seal of Bank.

_____

President or Cashier.

EXTENSION OF CHARTER

TREASURY DEPARTMENT

OFFICE OF COMPTROLLER OF THE CURRENCY.

*Washington,*_____190—

WHEREAS, by satisfactory evidence presented to the undersigned it has been made to appear that The —— in the —— of —— in the County of —— and State of —— has complied with all the provisions of the "Act of Congress to enable National Banking Associations to extend their corporate existence and for other purposes," approved July 12th, 1882.

NOW, THEREFORE, I, —— Comptroller of the Currency, do hereby certify that The —— located in the —— of —— in the County of —— and State of —— is authorized to have succession for the period specified in its amended articles of association, namely, until close of business on ——.

IN TESTIMONY WHEREOF, witness my hand and Seal of office this —— day of —— 190—.

_____

Comptroller of the Currency.

No.——

EXTENSION OF CHARTER

ORDER FOR PLATES AND CIRCULATION

Charter No. ——.

——————NATIONAL——————BANK OF——————

——— ———.

TO THE COMPTROLLER OF THE CURRENCY.

SIR: As the corporate existence of this bank is to be legally extended for twenty years, you are requested to have new plates engraved, the cost to be paid upon demand, and circulating notes printed therefrom as follows:

Cost of plates.	No. of sheets ordered.	Denominations on sheets.	Value per sheet.	Amount of circulation.
$75....		$5, $5, $5, $5.....	$20....	$
75....		$10, $10, $10, $20.....	50....	
50....		$50, $100.....	150....	
		Total.....	.....	$

Respectfully,

——— ———,

Cashier.

RE-EXTENSION OF CORPORATE EXISTENCE

RE-EXTENSION OF CHARTER

TREASURY DEPARTMENT

OFFICE OF COMPTROLLER OF THE CURRENCY.

Washington, D. C., _____ 190—

WHEREAS, by satisfactory evidence presented to the undersigned, it has been made to appear that The ——, located in the —— of —— in the County of —— and State of —— has complied with all the provisions of the Act of Congress "to enable National Banking Associations to extend their corporate existence, and for other purposes," approved July 12, 1882, as amended by the Act, approved April 12, 1902;

NOW, THEREFORE, I, —— Comptroller of the Currency, do hereby certify that The —— located in the —— of —— in the County of —— and State of —— is authorized to have succession for the period specified in its amended articles of association, namely, until close of business on ——.

IN TESTIMONY WHEREOF witness my hand and Seal of office this —— day of —— 190—.

_____

Comptroller of the Currency.

Charter No. ——. Extension No. ——.

CHANGES IN CAPITAL STOCK

RESOLUTION TO INCREASE CAPITAL STOCK

No. ——

THE ——— NATIONAL ——— BANK OF ———.

(Date.) ———.

At a meeting of the shareholders of The —— National —— Bank of ——, held on ——, thirty days' notice of the proposed business having been given, at which —— shareholders were present in person and by proxy, representing —— shares of the stock of this association, it was

RESOLVED, That, under the provisions of the act of May 1, 1886, the capital stock of this association be increased in the sum of $——, making the total capital $——.

The above resolution was adopted by the following vote, representing more than two-thirds of the capital stock of the association :

Name of Shareholder.	Residence.	Name of proxy.	No. of shares.
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
Total number of shares voted in favor of the resolution			
Total number of shares voted against the resolution...			
Total number of shares represented at the meeting....			

I hereby certify that the above is a true and correct report of the vote and of the resolution adopted at a meeting of the shareholders of this bank held on ——.

Seal of Bank.

——— ———,
President or Cashier.

Subscribed and sworn to before me this —— day of ——, A.D. ——.

Official Seal of Officer.

——— ———,
Notary Public.

CERTIFICATE OF INCREASE OF CAPITAL STOCK

No. ——.

——— NATIONAL ——— BANK OF ———

———, ——, ——.

TO THE COMPTROLLER OF THE CURRENCY,
Washington, D. C.:

It is hereby certified that the capital stock of "The —— National —— Bank of ——" has been increased, pursuant to the provisions of the act of Congress approved May 1, 1886, in the sum of —— dollars, all of which has been paid

in, and that the paid-up capital stock of said bank now amounts to —— dollars.

Seal of Bank.

———— ————,
President or Cashier.

State of ——
County of —— } *ss:*

Subscribed and sworn to before me, this —— day of ——, A.D. ——.

Official Seal of Officer.

———— ————.
Notary Public.

RESOLUTION TO REDUCE CAPITAL STOCK

No.————.

THE ———— NATIONAL ———— BANK OF ————.

(Date.) ——, ——.

At a meeting of the shareholders of The —— National ——Bank of ——, held on ——, thirty days' notice of the proposed business having been given, at which —— shareholders were present in person and by proxy, representing —— shares of stock of this association, it was

RESOLVED, That, under the provisions of section 5143, U. S. Revised Statutes, and of the law amendatory thereof,

the capital stock of this association be reduced in the sum of $——, leaving the total capital after said reduction $——.

The above resolution was adopted by the following vote, representing more than two-thirds of the capital stock of the association :

Name of Shareholder.	Residence.	Name of proxy.	No. of shares.
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
Total number of shares voted in favor of the resolution.			
Total number of shares voted against the resolution ...			
Total number of shares represented at the meeting			

I hereby certify that the above is a true and correct report of the vote and of the resolution adopted at a meeting of the shareholders of this bank, held on —— ——.

Seal of Bank.

——— ———,
President or Cashier.

Subscribed and sworn to before me this —— day of ——, A.D. ——.

Official Seal of Officer.

——— ———,
Notary Public.

CERTIFICATE OF REDUCTION OF CAPITAL STOCK

THE —— ——,
—— ——

TO THE COMPTROLLER OF THE CURRENCY,
Washington, D. C.:

It is hereby certified that the capital stock of The —— National Bank of —— has been reduced by a vote of the shareholders owning two-thirds of the stock of the association, in accordance with the provisions of section 5143 of the Revised Statutes of the United States, in the sum of —— dollars, and that the paid-up capital stock of said bank since said reduction is —— dollars.

Bank Seal.

——— ———,
President or Cashier.

State of ——
County of —— } *ss:*

I, —— ——, —— of The —— National Bank of ——, in the State of ——, do solemnly swear that the foregoing certificate, by me subscribed, is true.

——— ———,
President or Cashier.

Subscribed and sworn to before me this —— day of ——.

Official Seal of Officer.

——— ———,
Notary Public.

CHANGE OF NAME, ETC.

CERTIFICATE RELATIVE TO CHANGE OF TITLE OF AN ASSOCIATION

BANK No.——.

THE ——— NATIONAL ——— BANK OF ———

(Date) ————————

At a meeting of the shareholders of the —— National —— Bank of —— held on ——, thirty days' notice of the proposed business having been given, at which shareholders were present, in person and by proxy, representing —— shares of capital stock, it was

RESOLVED, That, under the provisions of the Act of May 1, 1886, the corporate name of —— is hereby changed to ——.

The above resolution was adopted by the following vote:

Name of Shareholder.	Residence.	Name of proxy.	No. of shares.
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

AGAINST RESOLUTION

Name of Shareholder.	Residence.	Name of Proxy.	No. of Shares.
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

Total number of shares voted in favor of the resolution .....
Total number of shares voted against the resolution .....
Total number of shares represented at the meeting.... .....
Total number of shares of capital stock of bank..... .....

I hereby certify that the above is a true and correct report of the vote and of the resolution adopted at a meeting of the shareholders of this bank held on ——.

Seal of Bank.

President or Cashier.

LIQUIDATION

RESOLUTION FOR VOLUNTARY LIQUIDATION

No.——

THE ——— NATIONAL ——— BANK OF ———

(Date.) ——— ———.

At a meeting of the shareholders of The —— National ——Bank of —— held on —— thirty days' notice of the proposed business having been given, at which —— shareholders were present in person and by proxy, representing —— shares of the stock of this association, it was

RESOLVED, That "The —— National —— Bank ——" be placed in voluntary liquidation, under the provisions of sections 5220 and 5221, United States Revised Statutes, to take effect ——.

The above resolution was adopted by the following vote, representing two-thirds of the capital stock of the association:

Name of Shareholder.	Residence.	Name of proxy.	No. of shares.
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
Total number of shares voted in favor of the resolution.			
Total number of shares voted against the resolution ..			
Total number of shares represented at the meeting ..			

I hereby certify that the above is a true and correct report of the vote and of the resolution adopted at a meeting of the shareholders of this bank held on ——.

Seal of Bank.

———— ————,
President or Cashier.

Subscribed and sworn to before me this —— day of ——, A.D. ——.

Official Seal of Officer.

———— ————,
Notary Public.

CERTIFICATE FOR VOLUNTARY LIQUIDATION

No. ————.

———— National ———— Bank ————,

—— ——.

To the Comptroller of the Currency,
Washington, D. C.:

Sir: It is hereby certified, in pursuance of sections 5220 and 5221 of the Revised Statutes of the United States, that at a meeting of the stockholders of the ——, located at ——, in the State of ——, duly notified and held pursuant to law and the articles of association of said bank at the office of said association at ——, aforesaid, on the —— day of ——, it

was voted by the stockholders of said association owning two-thirds of its stock that said association go into liquidation and be closed.

In testimony whereof I have, by instruction of the board of directors of said association, hereto subscribed my name and affixed the seal of said association at ——, aforesaid, the day and year above written.

Seal of Bank.

———— ————,
President or Cashier.

NOTICE

The —— National —— Bank ——, located at ——, in the State of ——, is closing up its affairs. All note holders and others, creditors of said association, are therefore hereby notified to present their notes and other claims against the association for payment.

———— ————,
President or Cashier.

Dated.

OATH OF PUBLICATION

State of _____ }
} *ss.*
County of _____ }

Cut the printed notice from the newspaper and attach here.

_____

being duly sworn, deposes and says that he is the publisher of —— a —— newspaper published in the —— of ——, County of ——, State of ——, and that the annexed advertisement of the Certificate for Voluntary Liquidation of the —— National Bank of —— has appeared in each issue of said paper for a period of at least sixty days, beginning the —— day of ——, and ending the —— day of ——, 190—.

Forward notice to Comptroller of Currency as promptly as possible.

_____

Subscribed and sworn to before me, a —— in and for the State and County aforesaid, this —— day of ——, 190—.

Seal of Officer.

_____

_____

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